

PENNSYLVANIA LIFE, ACCIDENT AND HEALTH INSURANCE LICENSE STUDY GUIDE - EXAM 12 (150 QUESTIONS)

This 150-question practice examination reviews life, accident, and health insurance concepts and Pennsylvania producer rules. Select the single best answer for each item. It is an original study aid, not an official Pennsylvania Insurance Department examination. Confirm current Pennsylvania requirements before filing an application.

1. During a policy review, identify the concept described: which annuity accumulates value during a period before income payments begin?

- A. Immediate annuity
- B. Deferred annuity
- C. Joint life policy
- D. Group annuity certificate

2. For this licensing-exam item, select the best answer: what is the risk borne by the owner of a variable life policy?

- A. Investment performance risk
- B. Only insurer mortality risk
- C. Only interest-rate guarantee risk
- D. No market-related risk

3. A client is comparing policy provisions. what is the key feature of a fixed annuity?

- A. The insurer guarantees stated values or rates
- B. The owner selects separate-account investments

- C. Benefits fluctuate only with stock prices
- D. It provides only a death benefit

4. A prospective policyowner asks the producer: what does an annuity owner do during the accumulation phase?

- A. Receives only death proceeds
- B. Terminates the contract
- C. Assigns a beneficiary irrevocably
- D. Builds value before income payments

5. During a policy review, identify the concept described: which party receives annuity income payments?

- A. Owner only
- B. Beneficiary only
- C. Annuitant
- D. Producer

6. For this licensing-exam item, select the best answer: what is adverse selection in insurance underwriting?

- A. Insurers seek only low-risk applicants
- B. Higher-risk applicants seek more coverage
- C. Applicants choose lower deductibles
- D. Producers waive premiums

7. A client is comparing policy provisions. what is the purpose of underwriting?

- A. Pay every claim immediately
- B. Market only to beneficiaries

- C. Evaluate risk and set policy terms
- D. Determine a producer's commission

8. A prospective policyowner asks the producer: what is a material misrepresentation on an insurance application?

- A. A false statement relevant to underwriting
- B. Any harmless spelling error
- C. A beneficiary designation
- D. A premium mode selection

9. During a policy review, identify the concept described: what is the purpose of an attending physician statement in underwriting?

- A. Set a policy's beneficiary
- B. Collect the first premium
- C. Determine commission rates
- D. Provide medical information with authorization

10. For this licensing-exam item, select the best answer: what is replacement in life insurance?

- A. An insurer renews a policy automatically in coverage terms
- B. A new policy causes an existing policy to lapse or change
- C. A beneficiary receives proceeds in coverage terms
- D. A rider is added at issue in coverage terms

11. A client is comparing policy provisions. what is twisting?

- A. Charging interest on a policy loan
- B. Paying a valid claim
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D. Assigning ownership to a trust

12. A prospective policyowner asks the producer: what is rebating?

- A. Paying a policy dividend
- B. Giving an unapproved inducement to buy insurance
- C. Charging a policy fee
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13. During a policy review, identify the concept described: what is an insurance producer's fiduciary duty regarding client premiums?

- A. Treat premiums as personal funds
- B. Invest premiums for personal gain
- C. Return all premiums to insurers late
- D. Handle premiums honestly and account for them

14. For this licensing-exam item, select the best answer: what is disability income insurance designed to replace?

- A. A portion of lost earned income
- B. All medical provider charges
- C. The insured's cash value
- D. The policyowner's estate taxes

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- A. The time a policy remains incontestable
- B. The period for free review
- C. The time after a claim is paid

D. The waiting period before benefits begin

16. A prospective policyowner asks the producer: what does residual disability coverage address?

- A. Only total and permanent disability
- B. A medical deductible
- C. Partial income loss after returning to work
- D. A life insurance surrender

17. During a policy review, identify the concept described: what is the purpose of a business overhead expense policy?

- A. Pay specified business expenses during disability
- B. Pay the owner's death benefit
- C. Fund retirement income
- D. Pay group medical claims

18. For this licensing-exam item, select the best answer: what does a health insurance deductible require?

- A. The insurer pays every expense first
- B. The insured pays an initial amount of covered expense
- C. The provider waives all charges in coverage terms
- D. The policyowner receives dividends in coverage terms

19. A client is comparing policy provisions. what is coinsurance in major medical coverage?

- A. A percentage share of covered expenses
- B. A fixed amount per visit only
- C. The policy's death benefit
- D. A return of premium

20. A prospective policyowner asks the producer: what is a copayment?

- A. A percentage of the death benefit
- B. A policy loan interest charge
- C. A fixed amount paid for a covered service
- D. An annual dividend in coverage terms

21. During a policy review, identify the concept described: what is an out-of-pocket maximum?

- A. The maximum policy face amount
- B. A limit on a member's covered cost sharing
- C. A maximum cash-value loan in coverage terms
- D. A guaranteed annuity payment in coverage terms

22. For this licensing-exam item, select the best answer: what is the main purpose of a health maintenance organization?

- A. Sell only indemnity benefits
- B. Pay life insurance death claims
- C. Provide unlimited out-of-network care
- D. Provide coordinated care through a managed network

23. A client is comparing policy provisions. what distinguishes a preferred provider organization?

- A. It offers network discounts with some out-of-network access
- B. It pays no medical benefits
- C. It requires permanent life insurance
- D. It has no participating providers

24. A prospective policyowner asks the producer: what does a point-of-service plan combine?

- A. Life and property insurance only
- B. Annuity and disability income only
- C. HMO-style coordination and PPO-style options
- D. Medicare and Medicaid only

25. During a policy review, identify the concept described: what is an indemnity health plan generally characterized by?

- A. Mandatory use of one primary physician
- B. Freedom to choose providers with reimbursement limits
- C. A life insurance cash value
- D. No need for proof of loss

26. For this licensing-exam item, select the best answer: what is a preauthorization requirement?

- A. A beneficiary change form
- B. A policy loan application
- C. Advance plan approval for specified services
- D. A grace-period notice

27. A client is comparing policy provisions. what is utilization review?

- A. A method of setting life premiums
- B. A beneficiary settlement option
- C. A cash-value calculation
- D. Review of medical necessity and appropriate use

28. A prospective policyowner asks the producer: what is a health insurance exclusion?

- A. A guaranteed payment provision in coverage terms
- B. A condition or service the policy does not cover
- C. A policy dividend in coverage terms
- D. A beneficiary designation in coverage terms

29. During a policy review, identify the concept described: what is an insurance policy rider?

- A. An endorsement that modifies the contract
- B. A claim payment check
- C. A premium due notice
- D. A type of beneficiary

30. For this licensing-exam item, select the best answer: what is a group insurance master policy?

- A. A certificate issued to each employee
- B. A personal individual policy
- C. A producer appointment form
- D. The contract issued to the group policyholder

31. A client is comparing policy provisions. what does a group insurance certificate provide to an insured employee?

- A. Ownership of the master policy
- B. A separate insurer license
- C. Evidence of coverage under the group plan
- D. A policy loan right in the employer

32. A prospective policyowner asks the producer: what is a conversion privilege in group life insurance?

- A. Right to borrow from employer payroll
- B. Right to convert to individual coverage without evidence of insurability
- C. Right to change insurers monthly in coverage terms
- D. Right to receive a policy dividend

33. During a policy review, identify the concept described: what is contributory group insurance?

- A. The employer pays all premiums
- B. Only retirees may enroll
- C. Coverage has no enrollment rules
- D. Employees contribute toward the premium

34. For this licensing-exam item, select the best answer: what is noncontributory group insurance?

- A. The employer pays the full premium
- B. Employees must pay part of premium
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35. A client is comparing policy provisions. what is Medicare Part A primarily associated with?

- A. Hospital insurance benefits
- B. Outpatient medical insurance
- C. Prescription drug coverage only
- D. Medigap private insurance

36. A prospective policyowner asks the producer: what is Medicare Part B primarily associated with?

- A. Only inpatient hospital benefits
- B. Only prescription drugs
- C. Long-term custodial care

D. Medical insurance benefits

37. During a policy review, identify the concept described: what is Medicare Part D designed to help cover?

- A. Life insurance premiums
- B. Only hospital room charges
- C. Prescription drugs
- D. Workers compensation claims

38. For this licensing-exam item, select the best answer: what is Medicaid?

- A. A private life insurer
- B. A needs-based public health coverage program
- C. A retirement annuity
- D. A disability income rider

39. A client is comparing policy provisions. what is workers compensation intended to address?

- A. Work-related injury or illness benefits
- B. Only nonwork medical bills
- C. Life insurance cash values
- D. Retirement annuity payouts

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- A. Increase all deductibles in coverage terms
- B. Change a life beneficiary in coverage terms
- C. Avoid duplicate payment when more than one plan applies
- D. Determine annuity income in coverage terms

41. During a policy review, identify the concept described: what does a subrogation provision allow an insurer to do?

- A. Change the insured's occupation
- B. Seek recovery from a responsible third party
- C. Cancel all claims automatically
- D. Increase policy cash value

42. For this licensing-exam item, select the best answer: what is an assignment of a life insurance policy?

- A. A change in premium mode only
- B. A medical underwriting report
- C. A beneficiary's claim form
- D. Transfer of ownership rights or interests

43. A client is comparing policy provisions. what is an absolute assignment?

- A. A transfer of all ownership rights
- B. A temporary beneficiary designation
- C. A disability waiting period
- D. A premium discount

44. A prospective policyowner asks the producer: what is a collateral assignment commonly used for?

- A. To change an HMO network
- B. To waive the deductible
- C. To elect an annuity payout
- D. To secure a debt with policy rights

45. During a policy review, identify the concept described: what does the entire-contract provision generally state?

- A. Only verbal promises bind the insurer
- B. The policy and attached application form the complete contract
- C. The producer may change terms orally
- D. The beneficiary owns every rider in coverage terms

46. For this licensing-exam item, select the best answer: what is the consideration in an insurance contract?

- A. Only the policy's death benefit
- B. Only the producer's license
- C. The premium and the applicant's statements
- D. The beneficiary's consent

47. A client is comparing policy provisions. what is the insuring clause?

- A. The provision stating the insurer's basic promise to pay
- B. The policy loan schedule in coverage terms
- C. A beneficiary designation in coverage terms
- D. A producer appointment in coverage terms

48. A prospective policyowner asks the producer: what is the purpose of a suicide clause in life insurance?

- A. Increase the face amount annually in coverage terms
- B. Allow free beneficiary changes in coverage terms
- C. Limit payment during an early stated period for suicide
- D. Create a policy loan in coverage terms

49. During a policy review, identify the concept described: what does a misstatement-of-age provision do?

- A. Automatically void every policy in coverage terms
- B. Change the beneficiary in coverage terms
- C. Waive future premiums in coverage terms
- D. Adjust benefits or premiums to the correct age

50. For this licensing-exam item, select the best answer: what is the purpose of a policy summary?

- A. Replace the insurance contract
- B. Describe key policy features for the applicant
- C. Guarantee future dividends
- D. Serve as a medical record

51. A client is comparing policy provisions. what is a buyer's guide intended to provide?

- A. General information to help compare life insurance
- B. A claim payment guarantee
- C. A producer license
- D. A medical underwriting decision

52. A prospective policyowner asks the producer: what is a conditional receipt?

- A. A guaranteed policy loan in coverage terms
- B. A receipt that may provide temporary coverage if conditions are met
- C. A final claim settlement in coverage terms
- D. A beneficiary change in coverage terms in coverage terms

53. During a policy review, identify the concept described: what is a binding receipt?

- A. A receipt that ends all coverage
- B. A policy beneficiary form in coverage terms
- C. A receipt providing temporary coverage subject to its terms
- D. A group insurance certificate in coverage terms

54. For this licensing-exam item, select the best answer: what must a producer generally obtain before discussing an applicant's protected health information?

- A. A beneficiary's premium payment
- B. An annuity payout election
- C. A policy loan request
- D. Appropriate authorization or legal permission

55. A client is comparing policy provisions. what is the purpose of an insurance fraud prohibition?

- A. Permit rebating to customers
- B. Deter intentional deception connected with insurance
- C. Require policy loans
- D. Guarantee claim approval

56. A prospective policyowner asks the producer: in Pennsylvania, what continuing education minimum applies to licensed producers during a two-year licensing cycle?

- A. 12 hours
- B. 18 hours
- C. 24 hours
- D. 36 hours

57. During a policy review, identify the concept described: in Pennsylvania, what is the stated initial application fee for an individual resident insurance producer?

- A. \$25
- B. \$110
- C. \$165
- D. \$55

58. For this licensing-exam item, select the best answer: which life insurance policy has level premiums and permanent protection for the insured's lifetime?

- A. Whole life insurance
- B. Term life insurance
- C. Variable life insurance
- D. Decreasing term insurance

59. A client is comparing policy provisions. which policy is designed to provide protection for a stated period, such as 20 years?

- A. Whole life insurance
- B. Level term life insurance
- C. Endowment insurance
- D. Immediate annuity

60. A prospective policyowner asks the producer: what is the policyowner's interest in a permanent life policy while the insured is alive?

- A. Cash value
- B. Death benefit
- C. Face amount
- D. Settlement option

61. During a policy review, identify the concept described: what is the amount paid when the insured dies under a life policy?

- A. Cash surrender value
- B. Premium refund
- C. Death benefit
- D. Policy loan value

62. For this licensing-exam item, select the best answer: what clause gives the policyowner time to review a new policy and return it for a refund?

- A. Grace period
- B. Incontestability clause
- C. Reinstatement provision
- D. Free-look provision

63. A client is comparing policy provisions. what provision keeps a life policy in force for a limited time after a premium is missed?

- A. Free-look provision
- B. Entire-contract clause
- C. Consideration clause
- D. Grace period

64. A prospective policyowner asks the producer: what provision generally limits an insurer's ability to contest a life policy after it has been in force for the stated time?

- A. Incontestability clause
- B. Suicide clause
- C. Misstatement-of-age clause
- D. Insuring clause

65. During a policy review, identify the concept described: which beneficiary designation may generally be changed by the policyowner without the beneficiary's consent?

- A. Irrevocable beneficiary
- B. Primary beneficiary
- C. Revocable beneficiary
- D. Contingent beneficiary

66. For this licensing-exam item, select the best answer: who receives policy proceeds if the primary beneficiary dies before the insured and a backup beneficiary is named?

- A. Irrevocable beneficiary
- B. Contingent beneficiary
- C. Policyowner
- D. Premium payor

67. A client is comparing policy provisions. what is a policy loan secured by in a cash-value life policy?

- A. The policy cash value
- B. The beneficiary's income
- C. The insured's wages
- D. The death benefit only

68. A prospective policyowner asks the producer: which nonforfeiture option uses cash value to buy a smaller amount of permanent insurance with no further premiums?

- A. Extended term insurance
- B. Cash surrender
- C. Reduced paid-up insurance
- D. Automatic premium loan

69. During a policy review, identify the concept described: which nonforfeiture option uses cash value to keep the original face amount for a limited period?

- A. Reduced paid-up insurance
- B. Cash surrender
- C. Dividend accumulation
- D. Extended term insurance

70. For this licensing-exam item, select the best answer: what occurs when a policyowner surrenders a life policy for its available value?

- A. Coverage becomes paid-up
- B. Coverage ends and cash value is paid
- C. The death benefit increases
- D. The premium is waived

71. A client is comparing policy provisions. what is the purpose of a waiver-of-premium rider?

- A. It waives premiums during qualifying disability
- B. It increases cash value at death
- C. It guarantees dividends
- D. It changes the beneficiary

72. A prospective policyowner asks the producer: what rider allows the insured to buy additional coverage later without new evidence of insurability?

- A. Accidental death rider
- B. Payor-benefit rider
- C. Guaranteed insurability rider
- D. Cost-of-living rider

73. During a policy review, identify the concept described: what rider pays an additional amount if death results from a covered accident?

- A. Waiver-of-premium rider
- B. Accidental death rider
- C. Guaranteed insurability rider
- D. Long-term-care rider

74. For this licensing-exam item, select the best answer: what is the usual tax treatment of a life insurance death benefit paid to a named beneficiary?

- A. Always taxed as ordinary income
- B. Taxed as capital gain
- C. Taxed only if paid in installments
- D. Generally income-tax free

75. A client is comparing policy provisions. which annuity begins making periodic income payments soon after it is funded?

- A. Deferred annuity
- B. Flexible-premium life policy
- C. Modified endowment contract
- D. Immediate annuity

76. A prospective policyowner asks the producer: which annuity accumulates value during a period before income payments begin?

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- C. Transfer of ownership rights or interests
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122. For this licensing-exam item, select the best answer: what is the insuring clause?

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123. A client is comparing policy provisions. what is the purpose of a suicide clause in life insurance?

- A. Limit payment during an early stated period for suicide
- B. Increase the face amount annually in coverage terms
- C. Allow free beneficiary changes in coverage terms
- D. Create a policy loan in coverage terms

124. A prospective policyowner asks the producer: what does a misstatement-of-age provision do?

- A. Automatically void every policy in coverage terms
- B. Adjust benefits or premiums to the correct age
- C. Change the beneficiary in coverage terms
- D. Waive future premiums in coverage terms

125. During a policy review, identify the concept described: what is the purpose of a policy summary?

- A. Replace the insurance contract
- B. Guarantee future dividends
- C. Describe key policy features for the applicant
- D. Serve as a medical record

126. For this licensing-exam item, select the best answer: what is a buyer's guide intended to provide?

- A. A claim payment guarantee
- B. A producer license
- C. A medical underwriting decision
- D. General information to help compare life insurance

127. A client is comparing policy provisions. what is a conditional receipt?

- A. A receipt that may provide temporary coverage if conditions are met
- B. A guaranteed policy loan in coverage terms
- C. A final claim settlement in coverage terms
- D. A beneficiary change in coverage terms in coverage terms

128. A prospective policyowner asks the producer: what is a binding receipt?

- A. A receipt that ends all coverage
- B. A policy beneficiary form in coverage terms
- C. A receipt providing temporary coverage subject to its terms
- D. A group insurance certificate in coverage terms

129. During a policy review, identify the concept described: what must a producer generally obtain before discussing an applicant's protected health information?

- A. A beneficiary's premium payment
- B. Appropriate authorization or legal permission
- C. An annuity payout election
- D. A policy loan request

130. For this licensing-exam item, select the best answer: what is the purpose of an insurance fraud prohibition?

- A. Permit rebating to customers
- B. Require policy loans
- C. Guarantee claim approval
- D. Deter intentional deception connected with insurance

131. A client is comparing policy provisions. in Pennsylvania, what continuing education minimum applies to licensed producers during a two-year licensing cycle?

- A. 12 hours
- B. 24 hours
- C. 18 hours
- D. 36 hours

132. A prospective policyowner asks the producer: in Pennsylvania, what is the stated initial application fee for an individual resident insurance producer?

- A. \$25
- B. \$110
- C. \$165
- D. \$55

133. During a policy review, identify the concept described: which life insurance policy has level premiums and permanent protection for the insured's lifetime?

- A. Whole life insurance
- B. Term life insurance
- C. Variable life insurance
- D. Decreasing term insurance

134. For this licensing-exam item, select the best answer: which policy is designed to provide protection for a stated period, such as 20 years?

- A. Whole life insurance
- B. Endowment insurance
- C. Level term life insurance
- D. Immediate annuity

135. A client is comparing policy provisions. what is the policyowner's interest in a permanent life policy while the insured is alive?

- A. Death benefit
- B. Face amount
- C. Cash value
- D. Settlement option

136. A prospective policyowner asks the producer: what is the amount paid when the insured dies under a life policy?

- A. Death benefit
- B. Cash surrender value
- C. Premium refund
- D. Policy loan value

137. During a policy review, identify the concept described: what clause gives the policyowner time to review a new policy and return it for a refund?

- A. Grace period
- B. Free-look provision
- C. Incontestability clause
- D. Reinstatement provision

138. For this licensing-exam item, select the best answer: what provision keeps a life policy in force for a limited time after a premium is missed?

- A. Free-look provision
- B. Entire-contract clause
- C. Consideration clause
- D. Grace period

139. A client is comparing policy provisions. what provision generally limits an insurer's ability to contest a life policy after it has been in force for the stated time?

- A. Suicide clause
- B. Misstatement-of-age clause
- C. Incontestability clause
- D. Insuring clause

140. A prospective policyowner asks the producer: which beneficiary designation may generally be changed by the policyowner without the beneficiary's consent?

- A. Irrevocable beneficiary
- B. Primary beneficiary
- C. Contingent beneficiary
- D. Revocable beneficiary

141. During a policy review, identify the concept described: who receives policy proceeds if the primary beneficiary dies before the insured and a backup beneficiary is named?

- A. Contingent beneficiary
- B. Irrevocable beneficiary
- C. Policyowner
- D. Premium payor

142. For this licensing-exam item, select the best answer: what is a policy loan secured by in a cash-value life policy?

- A. The beneficiary's income
- B. The policy cash value
- C. The insured's wages
- D. The death benefit only

143. A client is comparing policy provisions. which nonforfeiture option uses cash value to buy a smaller amount of permanent insurance with no further premiums?

- A. Reduced paid-up insurance
- B. Extended term insurance
- C. Cash surrender
- D. Automatic premium loan

144. A prospective policyowner asks the producer: which nonforfeiture option uses cash value to keep the original face amount for a limited period?

- A. Reduced paid-up insurance
- B. Cash surrender
- C. Dividend accumulation
- D. Extended term insurance

145. During a policy review, identify the concept described: what occurs when a policyowner surrenders a life policy for its available value?

- A. Coverage becomes paid-up
- B. Coverage ends and cash value is paid
- C. The death benefit increases
- D. The premium is waived

146. For this licensing-exam item, select the best answer: what is the purpose of a waiver-of-premium rider?

- A. It increases cash value at death
- B. It guarantees dividends
- C. It waives premiums during qualifying disability
- D. It changes the beneficiary

147. A client is comparing policy provisions. what rider allows the insured to buy additional coverage later without new evidence of insurability?

- A. Guaranteed insurability rider
- B. Accidental death rider
- C. Payor-benefit rider
- D. Cost-of-living rider

148. A prospective policyowner asks the producer: what rider pays an additional amount if death results from a covered accident?

- A. Waiver-of-premium rider
- B. Guaranteed insurability rider
- C. Long-term-care rider
- D. Accidental death rider

149. During a policy review, identify the concept described: what is the usual tax treatment of a life insurance death benefit paid to a named beneficiary?

- A. Always taxed as ordinary income
- B. Taxed as capital gain
- C. Generally income-tax free
- D. Taxed only if paid in installments

150. For this licensing-exam item, select the best answer: which annuity begins making periodic income payments soon after it is funded?

- A. Deferred annuity
- B. Immediate annuity
- C. Flexible-premium life policy
- D. Modified endowment contract

Exam 12: Answer Key and Explanations

- 1. B** — A deferred annuity has an accumulation phase before its annuitization or other income-payment phase. The correct choice is Deferred annuity. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential because coverage and rights
- 2. A** — Variable life policy values depend on separate-account investment performance, so the owner bears investment-performance risk. The correct choice is Investment performance risk. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential because coverage
- 3. A** — A fixed annuity places investment risk primarily with the insurer, which makes stated contractual guarantees. The correct choice is The insurer guarantees stated values or rates. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions
- 4. D** — During accumulation, premiums or deposits build contract value before the annuity enters an income-payment arrangement. The correct choice is Builds value before income payments. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential
- 5. C** — The annuitant is the person whose life is used to determine income payments under a life-contingent annuity. The correct choice is Annuitant. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential because coverage
- 6. B** — Adverse selection occurs when people with greater expected loss exposure are especially motivated to obtain insurance. The correct choice is Higher-risk applicants seek more coverage. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is
- 7. C** — Underwriting evaluates eligibility, risk characteristics, and appropriate terms so the insurer can price and issue coverage responsibly. The correct choice is Evaluate risk and set policy terms. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its
- 8. A** — A material misrepresentation is significant because truthful information could affect an insurer's underwriting decision or policy terms. The correct choice is A false statement relevant to underwriting.

It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its

9. D — An attending physician statement supplies medical information, with authorization, that may help the insurer evaluate risk. The correct choice is Provide medical information with authorization. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is

10. B — Replacement occurs when a transaction induces termination, lapse, surrender, or reduction of an existing life policy. The correct choice is A new policy causes an existing policy to lapse or change. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete

11. C — Twisting is an unfair practice involving misleading comparisons intended to persuade someone to replace coverage. The correct choice is Misrepresenting a policy to induce replacement. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is

12. B — Rebating is an unlawful inducement when value not stated in the policy is offered to encourage a purchase. The correct choice is Giving an unapproved inducement to buy insurance. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and

13. D — A producer must handle premium funds responsibly and account for them rather than treating them as personal money. The correct choice is Handle premiums honestly and account for them. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and

14. A — Disability income insurance pays benefits intended to replace part of income when disability prevents covered work. The correct choice is A portion of lost earned income. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions

15. D — The elimination period is the deductible measured in time, delaying benefit payments after a qualifying disability begins. The correct choice is The waiting period before benefits begin. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its

16. C — Residual disability benefits address reduced earnings when a person can work but has not regained prior income capacity. The correct choice is Partial income loss after returning to work. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and

17. A — Business overhead coverage helps a disabled owner meet covered operating expenses; it is not personal income replacement. The correct choice is Pay specified business expenses during disability. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its

18. B — A deductible is the portion of covered expense the insured must absorb before the plan begins sharing costs. The correct choice is The insured pays an initial amount of covered expense. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete

19. A — Coinsurance divides covered costs by percentage between the insured and insurer after applicable deductibles. The correct choice is A percentage share of covered expenses. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential

20. C — A copayment is a stated dollar amount the member pays for a covered service, subject to plan terms. The correct choice is A fixed amount paid for a covered service. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract

21. B — An out-of-pocket maximum limits the member's covered cost sharing during the plan period, subject to exclusions and rules. The correct choice is A limit on a member's covered cost sharing. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract

22. D — An HMO generally emphasizes coordinated care through a network and may require use of plan procedures or referrals. The correct choice is Provide coordinated care through a managed network. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and

23. A — A PPO encourages use of participating providers through favorable benefits while often allowing out-of-network services at higher cost. The correct choice is It offers network discounts with some out-of-network access. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract

24. C — A POS plan commonly combines managed primary-care features with options to seek care outside the network. The correct choice is HMO-style coordination and PPO-style options. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is

25. B — Traditional indemnity coverage generally reimburses covered medical expenses and gives broader provider choice than tightly managed plans. The correct choice is Freedom to choose providers

with reimbursement limits. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying

26. C — Preauthorization is a utilization-management process requiring advance review or approval for certain services under the plan. The correct choice is Advance plan approval for specified services. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions

27. D — Utilization review evaluates whether proposed or received care meets plan standards for necessity, appropriateness, and coverage. The correct choice is Review of medical necessity and appropriate use. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its

28. B — An exclusion identifies a loss, condition, service, or circumstance outside the scope of the policy's coverage. The correct choice is A condition or service the policy does not cover. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and

29. A — A rider is an attachment that adds, limits, or otherwise changes provisions of the base insurance contract. The correct choice is An endorsement that modifies the contract. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its

30. D — In group insurance, the master policy is typically issued to the sponsoring group while members receive certificates. The correct choice is The contract issued to the group policyholder. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying

31. C — A certificate summarizes an individual member's benefits and rights under the group contract but is not the master policy. The correct choice is Evidence of coverage under the group plan. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract

32. B — A conversion privilege lets an eligible member obtain individual coverage after qualifying group coverage ends, usually without new medical proof. The correct choice is Right to convert to individual coverage without evidence of insurability. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas.

33. D — Contributory group coverage requires employee premium contributions, so participation requirements help prevent adverse selection. The correct choice is Employees contribute toward the premium. It directly matches the insurance concept tested in the question. The other choices describe

different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential because

34. A — Noncontributory group coverage is funded entirely by the employer, commonly allowing broad eligible participation. The correct choice is The employer pays the full premium. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential

35. A — Medicare Part A is commonly described as hospital insurance and covers eligible inpatient-related benefits under program rules. The correct choice is Hospital insurance benefits. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential

36. D — Medicare Part B generally covers eligible physician, outpatient, and other medical services under the program rules. The correct choice is Medical insurance benefits. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential because

37. C — Medicare Part D is the program component that provides prescription drug coverage through approved arrangements. The correct choice is Prescription drugs. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential because coverage and

38. B — Medicaid is a public program that provides health coverage for eligible people based on financial and other program requirements. The correct choice is A needs-based public health coverage program. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and

39. A — Workers compensation provides statutory benefits for qualifying work-related injuries or illnesses and is not ordinary health insurance. The correct choice is Work-related injury or illness benefits. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions

40. C — Coordination of benefits establishes an order for multiple health plans so covered expenses are not paid more than once. The correct choice is Avoid duplicate payment when more than one plan applies. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the

41. B — Subrogation lets an insurer pursue recovery from a party responsible for a loss after paying benefits under the policy. The correct choice is Seek recovery from a responsible third party. It directly

matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract

42. D — An assignment transfers some or all policy rights, subject to the policy terms and any required insurer procedures. The correct choice is Transfer of ownership rights or interests. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying

43. A — An absolute assignment transfers the policyowner's full rights to another party, unlike a limited collateral assignment. The correct choice is A transfer of all ownership rights. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions

44. D — A collateral assignment gives a lender a limited interest in policy value or proceeds as security for a debt. The correct choice is To secure a debt with policy rights. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract

45. B — The entire-contract provision identifies the documents that make up the agreement and helps prevent reliance on outside statements. The correct choice is The policy and attached application form the complete contract. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete

46. C — Consideration is the exchange of value supporting the contract, including premium and the applicant's representations. The correct choice is The premium and the applicant's statements. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is

47. A — The insuring clause states the insurer's principal promise, including the circumstances under which it will provide benefits. The correct choice is The provision stating the insurer's basic promise to pay. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract

48. C — A suicide clause addresses death by suicide during a stated early period and applies the contract's specified benefit treatment. The correct choice is Limit payment during an early stated period for suicide. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the

49. D — A misstatement-of-age provision corrects the result to reflect the insured's true age rather than automatically voiding coverage. The correct choice is Adjust benefits or premiums to the correct age. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and

50. B — A policy summary communicates major features and costs but does not replace the complete insurance contract. The correct choice is Describe key policy features for the applicant. It directly

matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its

51. A — A buyer's guide is educational material intended to help consumers understand and compare life insurance choices. The correct choice is General information to help compare life insurance. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its

52. B — A conditional receipt may provide interim coverage only when its stated conditions, including underwriting requirements, are satisfied. The correct choice is A receipt that may provide temporary coverage if conditions are met. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the

53. C — A binding receipt is used to provide temporary coverage under its terms while the insurer completes underwriting. The correct choice is A receipt providing temporary coverage subject to its terms. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract

54. D — Protected health information requires proper authorization or another lawful basis before it is used or disclosed in insurance activity. The correct choice is Appropriate authorization or legal permission. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying

55. B — Fraud rules deter deliberate false statements or schemes connected with insurance applications, premiums, or claims. The correct choice is Deter intentional deception connected with insurance. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is

56. C — Pennsylvania states that licensed producers must complete at least 24 continuing education credits during each two-year licensing cycle. The correct choice is 24 hours. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential

57. D — Pennsylvania lists an initial fee of \$55 for an individual resident insurance producer application; fees can change, so verify before filing. The correct choice is \$55. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions

58. A — Whole life combines lifetime protection with a fixed premium structure and cash-value accumulation under the contract. The correct choice is Whole life insurance. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential because

59. B — Level term insurance provides a death benefit only during the stated term and normally has no cash value. The correct choice is Level term life insurance. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions

60. A — Cash value is the living value that may build inside a permanent policy and may support loans or surrender. The correct choice is Cash value. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is

61. C — The death benefit is the policy amount payable to the beneficiary when an insured death triggers the contract. The correct choice is Death benefit. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential

62. D — A free-look provision allows the owner to examine a newly delivered policy and cancel it within the stated period. The correct choice is Free-look provision. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is

63. D — The grace period prevents immediate lapse after a missed premium and gives the owner additional time to pay. The correct choice is Grace period. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential

64. A — The incontestability clause limits late challenges to policy validity, subject to the contract and applicable law. The correct choice is Incontestability clause. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential because coverage

65. C — A revocable beneficiary has no vested right while the owner retains the power to change the designation. The correct choice is Revocable beneficiary. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential because

66. B — A contingent beneficiary is next in line to receive proceeds when the primary beneficiary cannot receive them. The correct choice is Contingent beneficiary. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential because

67. A — A policy loan is secured by the accumulated cash value, and unpaid loan balances can reduce benefits. The correct choice is The policy cash value. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is

68. C — Reduced paid-up insurance converts available value into a lower face amount of fully paid permanent coverage. The correct choice is Reduced paid-up insurance. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential because

69. D — Extended term uses policy value to purchase term coverage for the original face amount during a limited period. The correct choice is Extended term insurance. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is

70. B — A cash surrender ends the contract and pays its surrender value, less any applicable charges or loans. The correct choice is Coverage ends and cash value is paid. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying

71. A — This rider protects coverage by excusing premium payments when the insured meets the policy definition of disability. The correct choice is It waives premiums during qualifying disability. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its

72. C — A guaranteed insurability rider preserves specified future purchase rights regardless of later changes in health. The correct choice is Guaranteed insurability rider. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential because coverage

73. B — An accidental death rider supplements the base policy benefit when death results from an accident meeting its terms. The correct choice is Accidental death rider. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is

74. D — Life insurance death proceeds are generally excluded from the beneficiary's gross income, although special situations can differ. The correct choice is Generally income-tax free. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential

75. D — An immediate annuity moves directly into the payout phase and is designed to begin income payments promptly. The correct choice is Immediate annuity. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential because

76. A — A deferred annuity has an accumulation phase before its annuitization or other income-payment phase. The correct choice is Deferred annuity. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory

ideas. Reading the complete contract and applying its definitions is essential because coverage and rights

77. B — Variable life policy values depend on separate-account investment performance, so the owner bears investment-performance risk. The correct choice is Investment performance risk. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential because coverage

78. C — A fixed annuity places investment risk primarily with the insurer, which makes stated contractual guarantees. The correct choice is The insurer guarantees stated values or rates. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions

79. C — During accumulation, premiums or deposits build contract value before the annuity enters an income-payment arrangement. The correct choice is Builds value before income payments. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential

80. D — The annuitant is the person whose life is used to determine income payments under a life-contingent annuity. The correct choice is Annuitant. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential because coverage

81. A — Adverse selection occurs when people with greater expected loss exposure are especially motivated to obtain insurance. The correct choice is Higher-risk applicants seek more coverage. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is

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85. D — Replacement occurs when a transaction induces termination, lapse, surrender, or reduction of an existing life policy. The correct choice is A new policy causes an existing policy to lapse or change. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete

86. C — Twisting is an unfair practice involving misleading comparisons intended to persuade someone to replace coverage. The correct choice is Misrepresenting a policy to induce replacement. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is

87. D — Rebating is an unlawful inducement when value not stated in the policy is offered to encourage a purchase. The correct choice is Giving an unapproved inducement to buy insurance. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and

88. C — A producer must handle premium funds responsibly and account for them rather than treating them as personal money. The correct choice is Handle premiums honestly and account for them. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and

89. B — Disability income insurance pays benefits intended to replace part of income when disability prevents covered work. The correct choice is A portion of lost earned income. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions

90. A — The elimination period is the deductible measured in time, delaying benefit payments after a qualifying disability begins. The correct choice is The waiting period before benefits begin. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its

91. B — Residual disability benefits address reduced earnings when a person can work but has not regained prior income capacity. The correct choice is Partial income loss after returning to work. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and

92. D — Business overhead coverage helps a disabled owner meet covered operating expenses; it is not personal income replacement. The correct choice is Pay specified business expenses during disability. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its

93. A — A deductible is the portion of covered expense the insured must absorb before the plan begins sharing costs. The correct choice is The insured pays an initial amount of covered expense. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete

94. C — Coinsurance divides covered costs by percentage between the insured and insurer after applicable deductibles. The correct choice is A percentage share of covered expenses. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential

95. D — A copayment is a stated dollar amount the member pays for a covered service, subject to plan terms. The correct choice is A fixed amount paid for a covered service. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract

96. A — An out-of-pocket maximum limits the member's covered cost sharing during the plan period, subject to exclusions and rules. The correct choice is A limit on a member's covered cost sharing. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract

97. B — An HMO generally emphasizes coordinated care through a network and may require use of plan procedures or referrals. The correct choice is Provide coordinated care through a managed network. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and

98. C — A PPO encourages use of participating providers through favorable benefits while often allowing out-of-network services at higher cost. The correct choice is It offers network discounts with some out-of-network access. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract

99. A — A POS plan commonly combines managed primary-care features with options to seek care outside the network. The correct choice is HMO-style coordination and PPO-style options. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is

100. C — Traditional indemnity coverage generally reimburses covered medical expenses and gives broader provider choice than tightly managed plans. The correct choice is Freedom to choose providers with reimbursement limits. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying

101. B — Preauthorization is a utilization-management process requiring advance review or approval for certain services under the plan. The correct choice is Advance plan approval for specified services. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions

102. D — Utilization review evaluates whether proposed or received care meets plan standards for necessity, appropriateness, and coverage. The correct choice is Review of medical necessity and appropriate use. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its

103. B — An exclusion identifies a loss, condition, service, or circumstance outside the scope of the policy's coverage. The correct choice is A condition or service the policy does not cover. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and

104. C — A rider is an attachment that adds, limits, or otherwise changes provisions of the base insurance contract. The correct choice is An endorsement that modifies the contract. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its

105. D — In group insurance, the master policy is typically issued to the sponsoring group while members receive certificates. The correct choice is The contract issued to the group policyholder. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying

106. A — A certificate summarizes an individual member's benefits and rights under the group contract but is not the master policy. The correct choice is Evidence of coverage under the group plan. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract

107. D — A conversion privilege lets an eligible member obtain individual coverage after qualifying group coverage ends, usually without new medical proof. The correct choice is Right to convert to individual coverage without evidence of insurability. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas.

108. B — Contributory group coverage requires employee premium contributions, so participation requirements help prevent adverse selection. The correct choice is Employees contribute toward the premium. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential because

109. A — Noncontributory group coverage is funded entirely by the employer, commonly allowing broad eligible participation. The correct choice is The employer pays the full premium. It directly

matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential

110. C — Medicare Part A is commonly described as hospital insurance and covers eligible inpatient-related benefits under program rules. The correct choice is Hospital insurance benefits. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential

111. D — Medicare Part B generally covers eligible physician, outpatient, and other medical services under the program rules. The correct choice is Medical insurance benefits. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential because

112. B — Medicare Part D is the program component that provides prescription drug coverage through approved arrangements. The correct choice is Prescription drugs. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential because coverage and

113. C — Medicaid is a public program that provides health coverage for eligible people based on financial and other program requirements. The correct choice is A needs-based public health coverage program. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and

114. A — Workers compensation provides statutory benefits for qualifying work-related injuries or illnesses and is not ordinary health insurance. The correct choice is Work-related injury or illness benefits. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions

115. B — Coordination of benefits establishes an order for multiple health plans so covered expenses are not paid more than once. The correct choice is Avoid duplicate payment when more than one plan applies. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the

116. A — Subrogation lets an insurer pursue recovery from a party responsible for a loss after paying benefits under the policy. The correct choice is Seek recovery from a responsible third party. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract

117. C — An assignment transfers some or all policy rights, subject to the policy terms and any required insurer procedures. The correct choice is Transfer of ownership rights or interests. It directly matches

the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying

118. D — An absolute assignment transfers the policyowner's full rights to another party, unlike a limited collateral assignment. The correct choice is A transfer of all ownership rights. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions

119. A — A collateral assignment gives a lender a limited interest in policy value or proceeds as security for a debt. The correct choice is To secure a debt with policy rights. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract

120. C — The entire-contract provision identifies the documents that make up the agreement and helps prevent reliance on outside statements. The correct choice is The policy and attached application form the complete contract. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete

121. D — Consideration is the exchange of value supporting the contract, including premium and the applicant's representations. The correct choice is The premium and the applicant's statements. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is

122. B — The insuring clause states the insurer's principal promise, including the circumstances under which it will provide benefits. The correct choice is The provision stating the insurer's basic promise to pay. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract

123. A — A suicide clause addresses death by suicide during a stated early period and applies the contract's specified benefit treatment. The correct choice is Limit payment during an early stated period for suicide. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the

124. B — A misstatement-of-age provision corrects the result to reflect the insured's true age rather than automatically voiding coverage. The correct choice is Adjust benefits or premiums to the correct age. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and

125. C — A policy summary communicates major features and costs but does not replace the complete insurance contract. The correct choice is Describe key policy features for the applicant. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its

126. D — A buyer's guide is educational material intended to help consumers understand and compare life insurance choices. The correct choice is General information to help compare life insurance. It

directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its

127. A — A conditional receipt may provide interim coverage only when its stated conditions, including underwriting requirements, are satisfied. The correct choice is A receipt that may provide temporary coverage if conditions are met. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the

128. C — A binding receipt is used to provide temporary coverage under its terms while the insurer completes underwriting. The correct choice is A receipt providing temporary coverage subject to its terms. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract

129. B — Protected health information requires proper authorization or another lawful basis before it is used or disclosed in insurance activity. The correct choice is Appropriate authorization or legal permission. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying

130. D — Fraud rules deter deliberate false statements or schemes connected with insurance applications, premiums, or claims. The correct choice is Deter intentional deception connected with insurance. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is

131. B — Pennsylvania states that licensed producers must complete at least 24 continuing education credits during each two-year licensing cycle. The correct choice is 24 hours. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential

132. D — Pennsylvania lists an initial fee of \$55 for an individual resident insurance producer application; fees can change, so verify before filing. The correct choice is \$55. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions

133. A — Whole life combines lifetime protection with a fixed premium structure and cash-value accumulation under the contract. The correct choice is Whole life insurance. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential because

134. C — Level term insurance provides a death benefit only during the stated term and normally has no cash value. The correct choice is Level term life insurance. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions

135. C — Cash value is the living value that may build inside a permanent policy and may support loans or surrender. The correct choice is Cash value. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is

136. A — The death benefit is the policy amount payable to the beneficiary when an insured death triggers the contract. The correct choice is Death benefit. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential

137. B — A free-look provision allows the owner to examine a newly delivered policy and cancel it within the stated period. The correct choice is Free-look provision. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is

138. D — The grace period prevents immediate lapse after a missed premium and gives the owner additional time to pay. The correct choice is Grace period. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential

139. C — The incontestability clause limits late challenges to policy validity, subject to the contract and applicable law. The correct choice is Incontestability clause. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential because coverage

140. D — A revocable beneficiary has no vested right while the owner retains the power to change the designation. The correct choice is Revocable beneficiary. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential because

141. A — A contingent beneficiary is next in line to receive proceeds when the primary beneficiary cannot receive them. The correct choice is Contingent beneficiary. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential because

142. B — A policy loan is secured by the accumulated cash value, and unpaid loan balances can reduce benefits. The correct choice is The policy cash value. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is

143. A — Reduced paid-up insurance converts available value into a lower face amount of fully paid permanent coverage. The correct choice is Reduced paid-up insurance. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential because

144. D — Extended term uses policy value to purchase term coverage for the original face amount during a limited period. The correct choice is Extended term insurance. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is

145. B — A cash surrender ends the contract and pays its surrender value, less any applicable charges or loans. The correct choice is Coverage ends and cash value is paid. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying

146. C — This rider protects coverage by excusing premium payments when the insured meets the policy definition of disability. The correct choice is It waives premiums during qualifying disability. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its

147. A — A guaranteed insurability rider preserves specified future purchase rights regardless of later changes in health. The correct choice is Guaranteed insurability rider. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential because coverage

148. D — An accidental death rider supplements the base policy benefit when death results from an accident meeting its terms. The correct choice is Accidental death rider. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is

149. C — Life insurance death proceeds are generally excluded from the beneficiary's gross income, although special situations can differ. The correct choice is Generally income-tax free. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential

150. B — An immediate annuity moves directly into the payout phase and is designed to begin income payments promptly. The correct choice is Immediate annuity. It directly matches the insurance concept tested in the question. The other choices describe different policy provisions, benefits, parties, or regulatory ideas. Reading the complete contract and applying its definitions is essential because