

PRACTICE EXAM 11: TEXAS LIFE AND HEALTH INSURANCE LICENSE (130 QUESTIONS)

This 130-question practice examination is aligned to the current Pearson VUE Texas Life and Health outline: 100 general-knowledge questions and 30 Texas state-specific questions. Select the one best answer for each question. This is a study aid, not an official examination; verify current Texas requirements with TDI and Pearson VUE.

1. During a licensing review, which statement is accurate about insurable interest?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. A policyowner must have a lawful financial or close-family interest in the insured when the policy is issued.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

2. A producer is explaining coverage to an applicant. Which statement correctly addresses pure risk?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.
- D. Pure risk involves only the possibility of loss or no loss, rather than a chance of gain.

3. Which policy rule should an agent apply when considering contract of adhesion?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. An insurance policy is generally drafted by the insurer and accepted by the applicant without equal bargaining power.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

4. In a Texas life and health scenario, which statement best reflects representation?

- A. A representation is a statement believed true to the applicant's knowledge and is not guaranteed to be absolutely true.
- B. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

5. For examination purposes, which statement is correct regarding whole life insurance?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. Whole life provides lifetime protection with level premiums and cash value when required premiums are paid.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

6. During a licensing review, which statement is accurate about term life insurance?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.
- D. Term life provides death-benefit protection for a specified period and generally has no cash value.

7. A producer is explaining coverage to an applicant. Which statement correctly addresses universal life insurance?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. Universal life combines flexible premiums with an adjustable death benefit and cash-value account.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

8. Which policy rule should an agent apply when considering variable life insurance?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.
- D. Variable life places cash values in separate-account investment options, so the policyowner bears investment risk.

9. In a Texas life and health scenario, which statement best reflects joint life policy?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. A joint life policy generally pays its death benefit at the first death of the insureds.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

10. For examination purposes, which statement is correct regarding survivorship life policy?

- A. A survivorship life policy pays after the second insured dies, often for estate-planning needs.
- B. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

11. During a licensing review, which statement is accurate about beneficiary designation?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. A revocable beneficiary can generally be changed by the policyowner without the beneficiary's consent.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

12. A producer is explaining coverage to an applicant. Which statement correctly addresses per stirpes designation?

- A. Per stirpes directs a deceased beneficiary's share to that beneficiary's descendants.

- B. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

13. Which policy rule should an agent apply when considering common disaster provision?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. A common disaster provision addresses distribution when insured and beneficiary die in the same event and order cannot be determined.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

14. In a Texas life and health scenario, which statement best reflects grace period?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.
- D. The grace period keeps coverage in force for a stated time after a premium due date while payment is overdue.

15. For examination purposes, which statement is correct regarding reinstatement?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.

- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.
- D. Reinstatement restores a lapsed policy after required evidence of insurability and overdue amounts are supplied.

16. During a licensing review, which statement is accurate about incontestability clause?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. After the stated period, an insurer usually cannot contest a life policy for material misstatements except as the policy permits for nonpayment.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

17. A producer is explaining coverage to an applicant. Which statement correctly addresses suicide clause?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. A suicide clause commonly limits payment when suicide occurs during the policy's initial specified period.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

18. Which policy rule should an agent apply when considering policy loan?

- A. A policy loan is secured by available cash value and may reduce the death benefit if unpaid.

- B. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

19. In a Texas life and health scenario, which statement best reflects automatic premium loan?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. An automatic premium loan provision uses available cash value to pay an overdue premium and prevent lapse.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

20. For examination purposes, which statement is correct regarding cash surrender option?

- A. The cash surrender option ends the policy and pays the owner its available cash value.
- B. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

21. During a licensing review, which statement is accurate about reduced paid-up option?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.

- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. Reduced paid-up insurance uses cash value to buy a smaller amount of fully paid permanent insurance.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

22. A producer is explaining coverage to an applicant. Which statement correctly addresses extended term option?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.
- D. Extended term insurance uses cash value to buy term coverage for the original face amount for a limited period.

23. Which policy rule should an agent apply when considering assignment?

- A. An absolute assignment transfers all ownership rights in a policy to the assignee.
- B. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

24. In a Texas life and health scenario, which statement best reflects collateral assignment?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.

- B. A collateral assignment transfers policy rights only to the extent needed to secure a debt.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

25. For examination purposes, which statement is correct regarding settlement option?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.
- D. A settlement option determines how policy proceeds are paid to a beneficiary rather than changing who receives them.

26. During a licensing review, which statement is accurate about fixed-period settlement?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. A fixed-period settlement pays proceeds in installments for a selected number of years.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

27. A producer is explaining coverage to an applicant. Which statement correctly addresses fixed-amount settlement?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.

- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.
- D. A fixed-amount settlement pays a selected dollar amount until the proceeds and interest are exhausted.

28. Which policy rule should an agent apply when considering life income option?

- A. A life income option provides periodic payments for the recipient's lifetime.
- B. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

29. In a Texas life and health scenario, which statement best reflects immediate annuity?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. An immediate annuity begins income payments soon after a single premium is paid.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

30. For examination purposes, which statement is correct regarding deferred annuity?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. A deferred annuity postpones income payments until a later annuitization date.

- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

31. During a licensing review, which statement is accurate about annuity accumulation phase?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. During accumulation, annuity funds grow before the payout phase begins.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

32. A producer is explaining coverage to an applicant. Which statement correctly addresses annuity annuitization phase?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.
- D. During annuitization, accumulated value is converted into a stream of income payments.

33. Which policy rule should an agent apply when considering MEC?

- A. A modified endowment contract is a life policy funded beyond tax-law limits and has special distribution tax treatment.
- B. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.

- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

34. In a Texas life and health scenario, which statement best reflects group life conversion privilege?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. A group life conversion privilege allows an eligible departing member to obtain individual coverage without evidence of insurability.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

35. For examination purposes, which statement is correct regarding credit life insurance?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.
- D. Credit life insurance is designed to pay or reduce a covered debtor's outstanding loan balance at death.

36. During a licensing review, which statement is accurate about key person life insurance?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. Key person insurance protects a business against the financial effect of a key employee's death.

- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

37. A producer is explaining coverage to an applicant. Which statement correctly addresses buy-sell agreement funding?

- A. Life insurance can fund a buy-sell agreement by providing cash to purchase a deceased owner's business interest.
- B. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

38. Which policy rule should an agent apply when considering executive bonus plan?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. An executive bonus plan is an employer-paid bonus used by an executive to purchase and own life insurance.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

39. In a Texas life and health scenario, which statement best reflects qualified plan?

- A. A qualified retirement plan meets applicable tax requirements and may provide tax advantages subject to its rules.

- B. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

40. For examination purposes, which statement is correct regarding traditional IRA?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.
- D. A traditional IRA may permit tax-deductible contributions depending on income and plan coverage, with taxable qualified distributions.

41. During a licensing review, which statement is accurate about Roth IRA?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. A Roth IRA uses after-tax contributions and can provide tax-free qualified distributions when requirements are met.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

42. A producer is explaining coverage to an applicant. Which statement correctly addresses Social Security survivor benefit?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. Social Security survivor benefits may be payable to eligible family members after a covered worker dies.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

43. Which policy rule should an agent apply when considering estate liquidity?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.
- D. Life insurance can provide cash to help an estate meet expenses, debts, or taxes without forcing asset sales.

44. In a Texas life and health scenario, which statement best reflects viatical settlement?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. A viatical settlement involves selling a life policy to a third party for more than cash value but less than the death benefit.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

45. For examination purposes, which statement is correct regarding life insurance proceeds?

- A. Life insurance death proceeds paid to a named beneficiary are generally received income-tax free, subject to exceptions.
- B. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

46. During a licensing review, which statement is accurate about dividends?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. Participating policy dividends are generally treated as a return of premium until they exceed premiums paid.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

47. A producer is explaining coverage to an applicant. Which statement correctly addresses human life value?

- A. Human life value estimates the economic loss that would result from an individual's premature death.
- B. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

48. Which policy rule should an agent apply when considering needs analysis?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. A needs analysis estimates the amount of protection needed after considering income replacement, debts, goals, and existing resources.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

49. In a Texas life and health scenario, which statement best reflects field underwriting?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. Field underwriting is the producer's collection and observation of applicant information before the insurer's underwriting decision.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

50. For examination purposes, which statement is correct regarding producer authority?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.
- D. An agent's actual authority is authority expressly granted by the insurer through appointment or contract.

51. During a licensing review, which statement is accurate about accident and health insurance?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.
- D. Accident and health insurance is designed to protect against losses caused by sickness, injury, or related medical expense.

52. A producer is explaining coverage to an applicant. Which statement correctly addresses disability income insurance?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. Disability income insurance replaces part of earned income when a covered disability prevents the insured from working.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

53. Which policy rule should an agent apply when considering presumptive disability?

- A. Presumptive disability provides benefits for specified severe losses even if the insured might perform some work.
- B. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

54. In a Texas life and health scenario, which statement best reflects own-occupation definition?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. An own-occupation definition considers whether the insured can perform the duties of the insured's own occupation.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

55. For examination purposes, which statement is correct regarding elimination period?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.
- D. The elimination period is the waiting time after disability begins before disability income benefits become payable.

56. During a licensing review, which statement is accurate about benefit period?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. The benefit period is the maximum length of time disability benefits will be paid for a covered disability.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

57. A producer is explaining coverage to an applicant. Which statement correctly addresses residual disability?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. Residual disability benefits can apply when a disability causes a partial loss of income rather than total disability.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

58. Which policy rule should an agent apply when considering health maintenance organization?

- A. An HMO generally emphasizes coordinated care through its network and may require a primary care provider or referrals.
- B. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

59. In a Texas life and health scenario, which statement best reflects preferred provider organization?

- A. A PPO offers network discounts while generally allowing members to use nonnetwork providers at higher out-of-pocket cost.
- B. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

60. For examination purposes, which statement is correct regarding exclusive provider organization?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.
- D. An EPO generally covers care through its provider network except for emergency or specifically authorized services.

61. During a licensing review, which statement is accurate about point-of-service plan?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. A point-of-service plan combines managed-care network features with an option to seek nonnetwork care at higher cost.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

62. A producer is explaining coverage to an applicant. Which statement correctly addresses deductible?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. A deductible is the amount the insured pays for covered expenses before the plan begins sharing costs.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

63. Which policy rule should an agent apply when considering coinsurance?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. Coinsurance is the percentage share of covered expenses paid by the insured after any applicable deductible.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

64. In a Texas life and health scenario, which statement best reflects copayment?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.
- D. A copayment is a stated dollar amount the insured pays for a covered service.

65. For examination purposes, which statement is correct regarding out-of-pocket maximum?

- A. An out-of-pocket maximum limits certain covered cost sharing during a plan period, subject to plan rules.
- B. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

66. During a licensing review, which statement is accurate about coordination of benefits?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. Coordination of benefits determines the payment order and prevents duplicate recovery when more than one plan applies.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

67. A producer is explaining coverage to an applicant. Which statement correctly addresses primary insurer?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. The primary insurer under coordination of benefits pays first according to the applicable coordination rules.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

68. Which policy rule should an agent apply when considering Medicare Part A?

- A. Medicare Part A generally helps cover inpatient hospital, skilled nursing facility, hospice, and certain home health care.
- B. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

69. In a Texas life and health scenario, which statement best reflects Medicare Part B?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. Medicare Part B generally helps cover physicians' services, outpatient care, and other medically necessary services.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

70. For examination purposes, which statement is correct regarding Medicare Part C?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.
- D. Medicare Part C is Medicare Advantage coverage offered through private plans approved by Medicare.

71. During a licensing review, which statement is accurate about Medicare Part D?

- A. Medicare Part D provides prescription drug coverage through private plans approved by Medicare.
- B. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

72. A producer is explaining coverage to an applicant. Which statement correctly addresses Medigap?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. Medigap insurance is designed to supplement Original Medicare by helping with certain Medicare cost-sharing amounts.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

73. Which policy rule should an agent apply when considering Medicaid?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.
- D. Medicaid is a joint federal-state program that provides medical assistance to eligible low-income individuals and families.

74. In a Texas life and health scenario, which statement best reflects long-term care insurance?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. Long-term care insurance helps cover services needed because of chronic illness, disability, or cognitive impairment.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

75. For examination purposes, which statement is correct regarding activities of daily living?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.
- D. Activities of daily living commonly include bathing, dressing, eating, toileting, continence, and transferring.

76. During a licensing review, which statement is accurate about home health care?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. Home health care provides eligible medical or therapeutic services in the insured's residence rather than an institution.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

77. A producer is explaining coverage to an applicant. Which statement correctly addresses skilled nursing care?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. Skilled nursing care requires services delivered or supervised by licensed medical professionals.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

78. Which policy rule should an agent apply when considering dread disease policy?

- A. A dread disease policy pays benefits for specified serious diseases or conditions named in the contract.
- B. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

79. In a Texas life and health scenario, which statement best reflects hospital indemnity policy?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. A hospital indemnity policy typically pays a stated amount per day or event rather than reimbursing actual medical expense.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

80. For examination purposes, which statement is correct regarding major medical policy?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.
- D. Major medical coverage is designed for broad medical expenses and commonly includes deductibles and coinsurance.

81. During a licensing review, which statement is accurate about limited benefit policy?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. A limited benefit policy covers only specified services or amounts and is not a substitute for comprehensive major medical coverage.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

82. A producer is explaining coverage to an applicant. Which statement correctly addresses accidental death and dismemberment?

- A. Accidental death and dismemberment coverage pays stated benefits for covered accidental death or specified accidental losses.
- B. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

83. Which policy rule should an agent apply when considering blanket policy?

- A. A blanket policy covers a group exposed to a common risk without naming each covered individual.
- B. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

84. In a Texas life and health scenario, which statement best reflects group health eligibility?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.
- D. Group health eligibility is based on membership in an eligible group rather than individual underwriting of each member.

85. For examination purposes, which statement is correct regarding COBRA?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. COBRA is a federal continuation-coverage law that may allow eligible people to continue group health coverage after qualifying events.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

86. During a licensing review, which statement is accurate about HIPAA portability?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. HIPAA includes protections related to health coverage portability and limits on certain exclusions under applicable rules.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

87. A producer is explaining coverage to an applicant. Which statement correctly addresses preexisting condition?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. A preexisting condition is a condition that existed before coverage began, subject to the policy and applicable law.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

88. Which policy rule should an agent apply when considering adverse selection?

- A. Adverse selection occurs when people with a greater likelihood of loss are more likely to seek or retain insurance.
- B. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

89. In a Texas life and health scenario, which statement best reflects morale hazard?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. A morale hazard is a careless attitude or indifference to loss that increases the chance or size of a claim.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

90. For examination purposes, which statement is correct regarding moral hazard?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.
- D. A moral hazard involves dishonesty or character traits that increase the chance or severity of loss.

91. During a licensing review, which statement is accurate about guaranteed renewable policy?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. A guaranteed renewable policy requires the insurer to continue coverage to a stated age if premiums are paid, although class rates may change.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

92. A producer is explaining coverage to an applicant. Which statement correctly addresses noncancelable policy?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. A noncancelable policy prevents the insurer from canceling coverage or increasing the premium during the stated period if premiums are paid.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

93. Which policy rule should an agent apply when considering conditionally renewable policy?

- A. A conditionally renewable policy permits renewal subject to conditions stated in the policy.
- B. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

94. In a Texas life and health scenario, which statement best reflects probationary period?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.
- D. A probationary period is an initial time during which losses from sickness may not be covered.

95. For examination purposes, which statement is correct regarding free-look period?

- A. A free-look period allows a policyowner to review a newly delivered policy and return it within the allowed time for a refund.
- B. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

96. During a licensing review, which statement is accurate about notice of claim?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.

- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. A notice of claim provision requires the insured to notify the insurer of a loss within the time stated in the policy.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

97. A producer is explaining coverage to an applicant. Which statement correctly addresses proof of loss?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.
- D. Proof of loss is the documentation and information the insurer requires to evaluate a submitted claim.

98. Which policy rule should an agent apply when considering claim payment provision?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. A claim payment provision identifies the person or provider to whom benefits are paid.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

99. In a Texas life and health scenario, which statement best reflects legal actions provision?

- A. A legal actions provision limits when an insured may bring suit after submitting required proof of loss.

- B. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

100. For examination purposes, which statement is correct regarding entire contract provision?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.
- D. The entire contract provision states that the policy and attached application or riders form the complete agreement.

101. During a licensing review, which statement is accurate about Texas General Lines license?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. The Texas General Lines - Life, Accident, Health, and HMO license authorizes the licensee to transact the lines named in that license.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

102. A producer is explaining coverage to an applicant. Which statement correctly addresses Texas resident application?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. A Texas resident applicant must pass the required licensing examination before submitting the resident agent application.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

103. Which policy rule should an agent apply when considering Texas application timing?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.
- D. A Texas applicant must submit the application within one year after passing the examination or retake the examination.

104. In a Texas life and health scenario, which statement best reflects Texas license fee?

- A. Texas lists a fifty-dollar application fee for a resident General Lines - Life, Accident, Health, and HMO license.
- B. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

105. For examination purposes, which statement is correct regarding Texas Department of Insurance?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. The Texas Department of Insurance administers insurance regulation and licensing functions in Texas.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

106. During a licensing review, which statement is accurate about Commissioner of Insurance?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. The Commissioner of Insurance leads the Texas Department of Insurance and exercises authority granted by Texas insurance law.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

107. A producer is explaining coverage to an applicant. Which statement correctly addresses Texas agent fiduciary duty?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.
- D. Premiums received by an agent belong to the insurer or insured as appropriate and must be handled in a fiduciary capacity.

108. Which policy rule should an agent apply when considering Texas rebating?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. Rebating is an unlawful inducement when an agent offers an unlisted valuable consideration to persuade a person to buy insurance.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

109. In a Texas life and health scenario, which statement best reflects Texas twisting?

- A. Twisting is an unfair practice that uses misleading comparisons to induce replacement or lapse of an insurance policy.
- B. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

110. For examination purposes, which statement is correct regarding Texas misrepresentation?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. Misrepresentation is an unfair practice when a producer makes a false or misleading statement about policy benefits, terms, or an insurer.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

111. During a licensing review, which statement is accurate about Texas defamation?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. Defamation is an unfair practice involving false or malicious statements that harm an insurer's financial reputation.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

112. A producer is explaining coverage to an applicant. Which statement correctly addresses Texas unfair discrimination?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.
- D. Unfair discrimination occurs when similar risks in the same class are treated differently without a lawful actuarial basis.

113. Which policy rule should an agent apply when considering Texas replacement?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. Texas replacement rules are intended to protect consumers when a new life policy or annuity replaces existing coverage.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

114. In a Texas life and health scenario, which statement best reflects Texas policy illustration?

- A. A life insurance illustration must not mislead an applicant about guaranteed and nonguaranteed policy elements.
- B. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

115. For examination purposes, which statement is correct regarding Texas annuity best interest?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. A Texas producer recommending an annuity must act in the consumer's best interest under applicable annuity requirements.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

116. During a licensing review, which statement is accurate about Texas continuing education?

- A. Texas licensees must meet continuing education requirements to maintain a license, subject to the rules that apply to the license.
- B. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

117. A producer is explaining coverage to an applicant. Which statement correctly addresses Texas license renewal?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. Most Texas insurance licenses renew every two years, although an initial term may be shorter to align renewal timing.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

118. Which policy rule should an agent apply when considering Texas license address?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.
- D. A Texas licensee must keep licensing information current and follow Department procedures for reporting required changes.

119. In a Texas life and health scenario, which statement best reflects Texas cease and desist order?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. A cease and desist order directs a person to stop conduct that violates insurance law or regulation.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

120. For examination purposes, which statement is correct regarding Texas administrative penalty?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. An administrative penalty may be imposed for violations of Texas insurance law, subject to applicable procedures and authority.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

121. During a licensing review, which statement is accurate about Texas license suspension?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.
- D. A Texas insurance license may be suspended or revoked for statutory grounds, including prohibited or dishonest conduct.

122. A producer is explaining coverage to an applicant. Which statement correctly addresses Texas HMO?

- A. An HMO in Texas provides health care coverage through an organized delivery system subject to Texas regulation.
- B. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

123. Which policy rule should an agent apply when considering Texas complaint process?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. A Texas consumer may file an insurance complaint with the Texas Department of Insurance for review and assistance.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

124. In a Texas life and health scenario, which statement best reflects Texas producer appointment?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.
- D. An insurer appoints a producer when required so the producer may act for that insurer within the granted authority.

125. For examination purposes, which statement is correct regarding Texas temporary authority?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. A person should not assume a license or appointment exists merely because an application has been submitted; authority depends on Texas law and approval.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

126. During a licensing review, which statement is accurate about Texas advertising?

- A. Texas insurance advertising must not be false, deceptive, or misleading about policy benefits, terms, or the insurer.
- B. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

127. A producer is explaining coverage to an applicant. Which statement correctly addresses Texas insurance fraud?

- A. Insurance fraud involves knowingly making a false or fraudulent statement or claim in connection with an insurance transaction.
- B. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

128. Which policy rule should an agent apply when considering Texas claims practices?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. Unfair claims practices include prohibited conduct in investigating, evaluating, or settling insurance claims.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

129. In a Texas life and health scenario, which statement best reflects Texas health coverage disclosure?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. Health coverage marketing and enrollment communications must provide required information and avoid misleading consumers.
- C. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- D. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.

130. For examination purposes, which statement is correct regarding Texas regulatory compliance?

- A. It automatically provides unlimited lifetime coverage, ignores policy terms, and creates benefits without premiums, underwriting, eligibility, or contractual conditions.
- B. It removes every policy condition and premium while guaranteeing all claims regardless of eligibility, underwriting, exclusions, or the stated contract provisions.
- C. It changes the contract into an unrestricted investment account that has no insurance protection, no limits, no policy duties, and no contractual requirements.
- D. A producer must follow Texas insurance statutes, regulations, licensing rules, and the insurer's lawful procedures when transacting insurance.

Practice Exam 11: Answer Key and Explanations

- 1. B** — This scenario tests insurable interest in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.
- 2. D** — This scenario tests pure risk in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.
- 3. C** — This scenario tests contract of adhesion in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

4. A — This scenario tests representation in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

5. B — This scenario tests whole life insurance in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

6. D — This scenario tests term life insurance in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

7. C — This scenario tests universal life insurance in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

8. D — This scenario tests variable life insurance in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

9. B — This scenario tests joint life policy in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

10. A — This scenario tests survivorship life policy in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

11. B — This scenario tests beneficiary designation in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

12. A — This scenario tests per stirpes designation in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

13. C — This scenario tests common disaster provision in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

14. D — This scenario tests grace period in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

15. D — This scenario tests reinstatement in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

16. C — This scenario tests incontestability clause in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

17. B — This scenario tests suicide clause in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

18. A — This scenario tests policy loan in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

19. B — This scenario tests automatic premium loan in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

20. A — This scenario tests cash surrender option in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

21. C — This scenario tests reduced paid-up option in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

22. D — This scenario tests extended term option in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

23. A — This scenario tests assignment in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

24. B — This scenario tests collateral assignment in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

25. D — This scenario tests settlement option in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

26. C — This scenario tests fixed-period settlement in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

27. D — This scenario tests fixed-amount settlement in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the

exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

28. A — This scenario tests life income option in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

29. C — This scenario tests immediate annuity in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

30. B — This scenario tests deferred annuity in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

31. B — This scenario tests annuity accumulation phase in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

32. D — This scenario tests annuity annuitization phase in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

33. A — This scenario tests MEC in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

34. C — This scenario tests group life conversion privilege in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

35. D — This scenario tests credit life insurance in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices

overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

36. B — This scenario tests key person life insurance in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

37. A — This scenario tests buy-sell agreement funding in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

38. C — This scenario tests executive bonus plan in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

39. A — This scenario tests qualified plan in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

40. D — This scenario tests traditional IRA in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

41. B — This scenario tests Roth IRA in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

42. C — This scenario tests Social Security survivor benefit in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

43. D — This scenario tests estate liquidity in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise

coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

44. B — This scenario tests viatical settlement in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

45. A — This scenario tests life insurance proceeds in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

46. C — This scenario tests dividends in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

47. A — This scenario tests human life value in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

48. C — This scenario tests needs analysis in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

49. B — This scenario tests field underwriting in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

50. D — This scenario tests producer authority in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

51. D — This scenario tests accident and health insurance in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other

choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

52. B — This scenario tests disability income insurance in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

53. A — This scenario tests presumptive disability in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

54. C — This scenario tests own-occupation definition in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

55. D — This scenario tests elimination period in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

56. C — This scenario tests benefit period in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

57. B — This scenario tests residual disability in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

58. A — This scenario tests health maintenance organization in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

59. A — This scenario tests preferred provider organization in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

60. D — This scenario tests exclusive provider organization in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

61. B — This scenario tests point-of-service plan in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

62. C — This scenario tests deductible in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

63. B — This scenario tests coinsurance in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

64. D — This scenario tests copayment in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

65. A — This scenario tests out-of-pocket maximum in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

66. C — This scenario tests coordination of benefits in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

67. C — This scenario tests primary insurer in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

68. A — This scenario tests Medicare Part A in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

69. B — This scenario tests Medicare Part B in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

70. D — This scenario tests Medicare Part C in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

71. A — This scenario tests Medicare Part D in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

72. C — This scenario tests Medigap in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

73. D — This scenario tests Medicaid in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

74. B — This scenario tests long-term care insurance in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

75. D — This scenario tests activities of daily living in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the

exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

76. C — This scenario tests home health care in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

77. B — This scenario tests skilled nursing care in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

78. A — This scenario tests dread disease policy in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

79. C — This scenario tests hospital indemnity policy in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

80. D — This scenario tests major medical policy in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

81. B — This scenario tests limited benefit policy in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

82. A — This scenario tests accidental death and dismemberment in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

83. A — This scenario tests blanket policy in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

84. D — This scenario tests group health eligibility in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

85. B — This scenario tests COBRA in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

86. C — This scenario tests HIPAA portability in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

87. B — This scenario tests preexisting condition in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

88. A — This scenario tests adverse selection in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

89. C — This scenario tests morale hazard in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

90. D — This scenario tests moral hazard in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

91. C — This scenario tests guaranteed renewable policy in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

92. B — This scenario tests noncancelable policy in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

93. A — This scenario tests conditionally renewable policy in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

94. D — This scenario tests probationary period in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

95. A — This scenario tests free-look period in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

96. C — This scenario tests notice of claim in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

97. D — This scenario tests proof of loss in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

98. B — This scenario tests claim payment provision in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

99. A — This scenario tests legal actions provision in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

100. D — This scenario tests entire contract provision in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

101. C — This scenario tests Texas General Lines license in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

102. B — This scenario tests Texas resident application in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

103. D — This scenario tests Texas application timing in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

104. A — This scenario tests Texas license fee in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

105. C — This scenario tests Texas Department of Insurance in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

106. B — This scenario tests Commissioner of Insurance in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle.

Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

107. D — This scenario tests Texas agent fiduciary duty in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

108. B — This scenario tests Texas rebating in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

109. A — This scenario tests Texas twisting in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

110. C — This scenario tests Texas misrepresentation in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

111. C — This scenario tests Texas defamation in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

112. D — This scenario tests Texas unfair discrimination in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

113. B — This scenario tests Texas replacement in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

114. A — This scenario tests Texas policy illustration in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices

overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

115. B — This scenario tests Texas annuity best interest in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

116. A — This scenario tests Texas continuing education in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

117. C — This scenario tests Texas license renewal in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

118. D — This scenario tests Texas license address in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

119. C — This scenario tests Texas cease and desist order in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

120. B — This scenario tests Texas administrative penalty in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

121. D — This scenario tests Texas license suspension in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

122. A — This scenario tests Texas HMO in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

123. B — This scenario tests Texas complaint process in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

124. D — This scenario tests Texas producer appointment in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

125. C — This scenario tests Texas temporary authority in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

126. A — This scenario tests Texas advertising in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

127. A — This scenario tests Texas insurance fraud in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

128. C — This scenario tests Texas claims practices in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

129. B — This scenario tests Texas health coverage disclosure in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle.

Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.

130. D — This scenario tests Texas regulatory compliance in a practical licensing context. The keyed choice states the controlling definition or consequence and applies it to the stated facts. The other choices overpromise coverage, erase policy conditions, or describe a separate insurance principle. Identify the exact feature being tested, then distinguish its purpose, limits, and effect from related contract provisions.