

PRACTICE EXAM 15: TEXAS LIFE AND HEALTH INSURANCE LICENSE (130 QUESTIONS)

This original 130-question practice exam uses a fresh answer-key sequence and reviews Texas Life and Health topics: life policies and annuities, accident and health insurance, policy provisions, and Texas licensing and consumer-protection rules. Select the single best answer. This is a study aid, not an official examination. Verify current requirements in the Pearson VUE Texas content outline before testing.

1. Which option best states the insurance principle associated with ordinary whole life insurance?

- A. It provides temporary protection with no cash value. under the policy as written and subject to applicable terms.
- B. It changes the face amount each month automatically. under the policy as written and subject to applicable terms.
- C. It pays only when the insured outlives the policy. under the policy as written and subject to applicable terms.
- D. It provides lifetime protection with a level premium and cash-value buildup. under the policy as written and subject to applicable terms.

2. Which option best states the insurance principle associated with term life insurance?

- A. It guarantees lifetime coverage after one premium. under the policy as written and subject to applicable terms.
- B. It builds a separate cash value account. under the policy as written and subject to applicable terms.
- C. It provides coverage for a stated period and usually has no cash value.
- D. It must pay dividends every policy year. under the policy as written and subject to applicable terms.

3. Which option best states the insurance principle associated with renewable term insurance?

- A. It permits renewal without evidence of insurability, subject to policy terms. under the policy as written and subject to applicable terms.
- B. It requires a new medical exam at every renewal. under the policy as written and subject to applicable terms.
- C. It converts automatically to an annuity. under the policy as written and subject to applicable terms.
- D. It keeps the premium unchanged for life. under the policy as written and subject to applicable terms.

4. Which option best states the insurance principle associated with convertible term insurance?

- A. It may be exchanged only after a new medical exam. under the policy as written and subject to applicable terms.
- B. It may be exchanged for permanent insurance without proof of insurability. under the policy as written and subject to applicable terms.
- C. It can be converted only into group coverage. under the policy as written and subject to applicable terms.
- D. It removes the death benefit at conversion. under the policy as written and subject to applicable terms.

5. Which option best states the insurance principle associated with decreasing term insurance?

- A. Its death benefit rises every year without limit. under the policy as written and subject to applicable terms.
- B. It always develops guaranteed cash value. under the policy as written and subject to applicable terms.
- C. Its death benefit declines over time while the premium commonly remains level. under the policy as written and subject to applicable terms.
- D. It is designed to fund retirement income. under the policy as written and subject to applicable terms.

6. Which option best states the insurance principle associated with increasing term insurance?

- A. Its cash value is paid before any death benefit. under the policy as written and subject to applicable terms.
- B. Its premium is never affected by age. under the policy as written and subject to applicable terms.
- C. It cannot name a beneficiary. under the policy as written and subject to applicable terms.

D. Its death benefit increases during the stated term. under the policy as written and subject to applicable terms.

7. Which option best states the insurance principle associated with credit life insurance?

A. It is designed to pay a borrower's outstanding debt if the insured dies.

B. It pays the borrower a monthly disability benefit. under the policy as written and subject to applicable terms.

C. It provides open-ended investment management. under the policy as written and subject to applicable terms.

D. It replaces an employer retirement plan. under the policy as written and subject to applicable terms.

8. Which option best states the insurance principle associated with joint life policy?

A. It pays only after both insureds die. under the policy as written and subject to applicable terms.

B. It covers only accidental death. under the policy as written and subject to applicable terms.

C. It pays when the first insured person dies. under the policy as written and subject to applicable terms.

D. It has no beneficiary designation. under the policy as written and subject to applicable terms.

9. Which option best states the insurance principle associated with survivorship life insurance?

A. It pays at the first insured's disability. under the policy as written and subject to applicable terms.

B. It pays monthly income to either insured. under the policy as written and subject to applicable terms.

C. It terminates when either insured retires. under the policy as written and subject to applicable terms.

D. It pays the death benefit after the second insured dies. under the policy as written and subject to applicable terms.

10. Which option best states the insurance principle associated with universal life insurance?

A. It has fixed premiums that never may vary. under the policy as written and subject to applicable terms.

- B. It offers flexible premium payments and adjustable death-benefit features within policy limits. under the policy as written and subject to applicable terms.
- C. It has no policy charges or interest crediting. under the policy as written and subject to applicable terms.
- D. It provides only one-year renewable coverage. under the policy as written and subject to applicable terms.

11. Which option best states the insurance principle associated with variable life insurance?

- A. Its cash value must earn a guaranteed fixed rate. under the policy as written and subject to applicable terms.
- B. Its cash value is invested in separate accounts and the owner bears investment risk.
- C. It has no permanent death-benefit element. under the policy as written and subject to applicable terms.
- D. It cannot be sold by a securities-licensed producer. under the policy as written and subject to applicable terms.

12. Which option best states the insurance principle associated with variable universal life insurance?

- A. It guarantees each investment account's performance. under the policy as written and subject to applicable terms.
- B. It offers only a fixed death benefit with no cash value. under the policy as written and subject to applicable terms.
- C. It is the same as accidental death insurance. under the policy as written and subject to applicable terms.
- D. It combines flexible-premium universal life features with separate-account investment choices. under the policy as written and subject to applicable terms.

13. Which option best states the insurance principle associated with cash surrender value?

- A. It is always identical to the policy face amount. under the policy as written and subject to applicable terms.
- B. It is paid only to a contingent beneficiary. under the policy as written and subject to applicable terms.

- C. It is the amount available to the owner upon surrender after applicable charges or loans.
- D. It is the insurer's unpaid premium balance, under the policy as written and subject to applicable terms.

14. Which option best states the insurance principle associated with policy loan?

- A. It is a loan secured by the cash value of a permanent life policy.
- B. It is an unsecured bank loan arranged by the beneficiary, under the policy as written and subject to applicable terms.
- C. It requires policy cancellation before funds are released, under the policy as written and subject to applicable terms.
- D. It is available only on term insurance, under the policy as written and subject to applicable terms.

15. Which option best states the insurance principle associated with nonforfeiture options?

- A. They eliminate every policy charge retroactively, under the policy as written and subject to applicable terms.
- B. They guarantee an increased face amount, under the policy as written and subject to applicable terms.
- C. They preserve some policy value when a permanent policy is surrendered or premiums stop.
- D. They apply only to group medical coverage, under the policy as written and subject to applicable terms.

16. Which option best states the insurance principle associated with extended term option?

- A. It uses cash value to buy a smaller paid-up policy, under the policy as written and subject to applicable terms.
- B. It pays cash value directly to the insurer, under the policy as written and subject to applicable terms.
- C. It converts the policy into disability income insurance, under the policy as written and subject to applicable terms.
- D. It uses cash value to provide the full face amount as term coverage for a limited period.

17. Which option best states the insurance principle associated with reduced paid-up option?

- A. It provides the original face amount for a short term. under the policy as written and subject to applicable terms.
- B. It uses cash value to buy a smaller amount of fully paid permanent insurance.
- C. It refunds all premiums paid without interest. under the policy as written and subject to applicable terms.
- D. It creates a new policy loan automatically. under the policy as written and subject to applicable terms.

18. Which option best states the insurance principle associated with automatic premium loan provision?

- A. It authorizes use of available cash value to pay an overdue premium. under the policy as written and subject to applicable terms.
- B. It requires the insurer to waive every future premium. under the policy as written and subject to applicable terms.
- C. It converts the policy to term coverage immediately. under the policy as written and subject to applicable terms.
- D. It pays an accidental death benefit. under the policy as written and subject to applicable terms.

19. Which option best states the insurance principle associated with grace period?

- A. It gives the beneficiary time to change the insured. under the policy as written and subject to applicable terms.
- B. It is the contestability period after issue. under the policy as written and subject to applicable terms.
- C. It is the waiting period for policy loans. under the policy as written and subject to applicable terms.
- D. It gives the owner a limited time after a due date to pay a premium while coverage continues.

20. Which option best states the insurance principle associated with reinstatement?

- A. It increases the face amount without underwriting. under the policy as written and subject to applicable terms.
- B. It restores a lapsed policy when stated conditions, such as evidence of insurability and overdue amounts, are met.

- C. It replaces the named beneficiary automatically. under the policy as written and subject to applicable terms.
- D. It refunds cash value after surrender. under the policy as written and subject to applicable terms.

21. Which option best states the insurance principle associated with incontestability provision?

- A. It permits the insurer to cancel at any time for any reason. under the policy as written and subject to applicable terms.
- B. It guarantees every claim will be paid. under the policy as written and subject to applicable terms.
- C. After the stated period, it generally limits the insurer's ability to void coverage for application misstatements.
- D. It prevents a policyowner from changing beneficiaries. under the policy as written and subject to applicable terms.

22. Which option best states the insurance principle associated with suicide clause?

- A. It limits payment if death by suicide occurs during the policy's stated early period.
- B. It excludes every accidental death claim permanently. under the policy as written and subject to applicable terms.
- C. It makes the beneficiary designation revocable. under the policy as written and subject to applicable terms.
- D. It applies only to group health certificates. under the policy as written and subject to applicable terms.

23. Which option best states the insurance principle associated with misstatement of age provision?

- A. It voids the policy for any age error. under the policy as written and subject to applicable terms.
- B. It changes the policy into term insurance. under the policy as written and subject to applicable terms.
- C. It adjusts benefits or premiums to reflect the insured's correct age. under the policy as written and subject to applicable terms.
- D. It gives the owner a refund of all premiums. under the policy as written and subject to applicable terms.

24. Which option best states the insurance principle associated with revocable beneficiary?

- A. It may be changed by the policyowner without the beneficiary's consent. under the policy as written and subject to applicable terms.
- B. It can never be changed under any circumstance. under the policy as written and subject to applicable terms.
- C. It owns the policy cash value automatically. under the policy as written and subject to applicable terms.
- D. It must be a trust or estate. under the policy as written and subject to applicable terms.

25. Which option best states the insurance principle associated with irrevocable beneficiary?

- A. It may be changed at any time without notice. under the policy as written and subject to applicable terms.
- B. It receives policy loans before the owner. under the policy as written and subject to applicable terms.
- C. It is always the insurance producer. under the policy as written and subject to applicable terms.
- D. It generally has vested rights, so certain policy changes require the beneficiary's consent.

26. Which option best states the insurance principle associated with per stirpes beneficiary designation?

- A. It divides proceeds only among living primary beneficiaries. under the policy as written and subject to applicable terms.
- B. It directs a deceased beneficiary's share to that beneficiary's descendants. under the policy as written and subject to applicable terms.
- C. It pays the insurer's estate. under the policy as written and subject to applicable terms.
- D. It requires equal shares for unrelated beneficiaries. under the policy as written and subject to applicable terms.

27. Which option best states the insurance principle associated with facility-of-payment clause?

- A. It requires payment only to the policyowner. under the policy as written and subject to applicable terms.

- B. It permits an agent to keep claim proceeds. under the policy as written and subject to applicable terms.
- C. It replaces the settlement-option provision. under the policy as written and subject to applicable terms.
- D. It allows an insurer to pay a qualified relative or person who incurred expenses when no beneficiary is available.

28. Which option best states the insurance principle associated with fixed-period settlement option?

- A. It pays installments only while a beneficiary remains disabled. under the policy as written and subject to applicable terms.
- B. It pays proceeds in installments for a selected period. under the policy as written and subject to applicable terms.
- C. It guarantees payments for the beneficiary's entire life. under the policy as written and subject to applicable terms.
- D. It pays the full amount only as a lump sum. under the policy as written and subject to applicable terms.

29. Which option best states the insurance principle associated with life-income settlement option?

- A. It provides income for as long as the beneficiary lives. under the policy as written and subject to applicable terms.
- B. It pays a fixed number of monthly installments only. under the policy as written and subject to applicable terms.
- C. It guarantees a payment equal to the face amount each year. under the policy as written and subject to applicable terms.
- D. It ends at the insured's death before proceeds are due. under the policy as written and subject to applicable terms.

30. Which option best states the insurance principle associated with interest-only settlement option?

- A. It distributes the entire principal immediately. under the policy as written and subject to applicable terms.

- B. It converts proceeds to a policy loan. under the policy as written and subject to applicable terms.
- C. It pays interest on retained proceeds while preserving the principal for later payment.
- D. It eliminates the beneficiary's right to any payment. under the policy as written and subject to applicable terms.

31. Which option best states the insurance principle associated with annuity accumulation period?

- A. It is the time during which premiums earn interest or investment returns before income payments begin.
- B. It is the period after all income payments stop. under the policy as written and subject to applicable terms.
- C. It is the contestability period of a life policy. under the policy as written and subject to applicable terms.
- D. It is the time allowed to reinstate health coverage. under the policy as written and subject to applicable terms.

32. Which option best states the insurance principle associated with annuity annuitization period?

- A. It is the period when death benefits cannot be named. under the policy as written and subject to applicable terms.
- B. It is the policy grace period. under the policy as written and subject to applicable terms.
- C. It is the period during which the contract pays income to the annuitant or payee.
- D. It is the underwriting period before issue. under the policy as written and subject to applicable terms.

33. Which option best states the insurance principle associated with immediate annuity?

- A. It postpones all income payments until a later accumulation period. under the policy as written and subject to applicable terms.
- B. It provides only a death benefit with no income feature. under the policy as written and subject to applicable terms.
- C. It requires annual renewable premiums. under the policy as written and subject to applicable terms.
- D. It begins income payments shortly after the premium is paid. under the policy as written and subject to applicable terms.

34. Which option best states the insurance principle associated with deferred annuity?

- A. It requires payments to begin immediately. under the policy as written and subject to applicable terms.
- B. It delays income payments until a future date chosen under the contract. under the policy as written and subject to applicable terms.
- C. It can never accept additional premiums. under the policy as written and subject to applicable terms.
- D. It has no beneficiary or death benefit provision. under the policy as written and subject to applicable terms.

35. Which option best states the insurance principle associated with fixed annuity?

- A. It places all funds in separate-account securities. under the policy as written and subject to applicable terms.
- B. It guarantees stock-market returns. under the policy as written and subject to applicable terms.
- C. It credits interest at a stated or guaranteed rate, subject to contract terms.
- D. It has no accumulation value. under the policy as written and subject to applicable terms.

36. Which option best states the insurance principle associated with variable annuity?

- A. It guarantees a fixed annual return from the general account. under the policy as written and subject to applicable terms.
- B. Its values vary with separate-account investment performance. under the policy as written and subject to applicable terms.
- C. It has no investment risk for the owner. under the policy as written and subject to applicable terms.
- D. It cannot be used for retirement income. under the policy as written and subject to applicable terms.

37. Which option best states the insurance principle associated with annuity surrender charge?

- A. It is a charge that may apply when funds are withdrawn early under the contract.

- B. It is a tax paid on every premium deposit. under the policy as written and subject to applicable terms.
- C. It is a death benefit paid to a beneficiary. under the policy as written and subject to applicable terms.
- D. It is a required monthly medical premium. under the policy as written and subject to applicable terms.

38. Which option best states the insurance principle associated with life insurance replacement?

- A. It occurs whenever a beneficiary changes. under the policy as written and subject to applicable terms.
- B. It applies only to group insurance enrollment. under the policy as written and subject to applicable terms.
- C. It means converting a policy loan into cash value. under the policy as written and subject to applicable terms.
- D. It occurs when a new policy is purchased and an existing life policy is lapsed, surrendered, or changed.

39. Which option best states the insurance principle associated with insurable interest in life insurance?

- A. It is required only when a death claim is filed. under the policy as written and subject to applicable terms.
- B. It applies only to the insurance producer. under the policy as written and subject to applicable terms.
- C. It must generally exist when the policy is issued. under the policy as written and subject to applicable terms.
- D. It is created by naming any stranger as beneficiary. under the policy as written and subject to applicable terms.

40. Which option best states the insurance principle associated with adverse selection?

- A. It is an insurer's practice of paying every claim immediately. under the policy as written and subject to applicable terms.
- B. It is a beneficiary's settlement election. under the policy as written and subject to applicable terms.
- C. It is the process of investing policy cash value. under the policy as written and subject to applicable terms.
- D. It is the tendency of higher-risk persons to seek or retain more insurance than lower-risk persons.

41. Which option best states the insurance principle associated with risk classification?

- A. It groups applicants with similar expected loss characteristics for underwriting and rating. under the policy as written and subject to applicable terms.
- B. It guarantees all applicants receive the same premium. under the policy as written and subject to applicable terms.
- C. It replaces the application and medical information. under the policy as written and subject to applicable terms.
- D. It determines who may be named beneficiary. under the policy as written and subject to applicable terms.

42. Which option best states the insurance principle associated with representation?

- A. It is a promise that must be literally true in every detail. under the policy as written and subject to applicable terms.
- B. It is a statement believed true to the best of the applicant's knowledge, rather than a guaranteed warranty.
- C. It is a settlement option chosen by a beneficiary. under the policy as written and subject to applicable terms.
- D. It is a type of policy loan. under the policy as written and subject to applicable terms.

43. Which option best states the insurance principle associated with consideration in an insurance contract?

- A. It is the beneficiary's agreement to accept claim proceeds. under the policy as written and subject to applicable terms.
- B. It is the insurer's investment return on reserves. under the policy as written and subject to applicable terms.
- C. It is the producer's commission alone. under the policy as written and subject to applicable terms.
- D. It consists of the applicant's premium and statements and the insurer's promise to provide coverage.

44. Which option best states the insurance principle associated with unilateral contract?

- A. It is a contract requiring identical promises by both parties. under the policy as written and subject to applicable terms.
- B. It is a contract in which only the insurer makes an enforceable promise to perform.
- C. It is a contract that cannot be changed by endorsement. under the policy as written and subject to applicable terms.
- D. It is a contract with no premium obligation. under the policy as written and subject to applicable terms.

45. Which option best states the insurance principle associated with adhesion contract?

- A. It is a contract drafted by one party, with ambiguities generally construed against that drafter.
- B. It is negotiated word-for-word by both parties. under the policy as written and subject to applicable terms.
- C. It may be enforced only by an insurance producer. under the policy as written and subject to applicable terms.
- D. It has no standardized policy language. under the policy as written and subject to applicable terms.

46. Which option best states the insurance principle associated with conditional contract?

- A. It guarantees a claim regardless of policy terms. under the policy as written and subject to applicable terms.
- B. It exists without any policy provisions. under the policy as written and subject to applicable terms.
- C. It requires certain conditions, such as premium payment and proof of loss, before performance is due.
- D. It eliminates underwriting requirements. under the policy as written and subject to applicable terms.

47. Which option best states the insurance principle associated with aleatory contract?

- A. It requires each party to exchange equal cash amounts. under the policy as written and subject to applicable terms.
- B. It guarantees a predictable investment return. under the policy as written and subject to applicable terms.
- C. It is limited to annuity contracts. under the policy as written and subject to applicable terms.

D. It involves unequal exchange values because benefits may greatly exceed premiums paid. under the policy as written and subject to applicable terms.

48. Which option best states the insurance principle associated with Fair Credit Reporting Act?

A. It requires insurers to disclose all underwriting formulas. under the policy as written and subject to applicable terms.

B. It regulates consumer reports and gives consumers rights concerning report information. under the policy as written and subject to applicable terms.

C. It prohibits every use of consumer information. under the policy as written and subject to applicable terms.

D. It sets state producer licensing fees. under the policy as written and subject to applicable terms.

49. Which option best states the insurance principle associated with MIB?

A. It is an information-sharing organization used by insurers as one underwriting resource. under the policy as written and subject to applicable terms.

B. It is a government agency that pays life claims. under the policy as written and subject to applicable terms.

C. It is a health-maintenance organization. under the policy as written and subject to applicable terms.

D. It is a policy settlement option. under the policy as written and subject to applicable terms.

50. Which option best states the insurance principle associated with conditional receipt?

A. It guarantees permanent coverage regardless of underwriting. under the policy as written and subject to applicable terms.

B. It is a receipt for policy cash surrender value. under the policy as written and subject to applicable terms.

C. It replaces a signed application. under the policy as written and subject to applicable terms.

D. It may provide temporary coverage if stated conditions are met while underwriting is completed.

51. Which option best states the insurance principle associated with backdating a life policy?

- A. It is used to extend a policy beyond its maximum term. under the policy as written and subject to applicable terms.
- B. It eliminates the need for an application. under the policy as written and subject to applicable terms.
- C. It may be used within permitted limits to obtain a lower insurance age for premium purposes.
- D. It changes a term policy to group insurance. under the policy as written and subject to applicable terms.

52. Which option best states the insurance principle associated with disability income insurance?

- A. It replaces part of earned income when an insured becomes disabled under the policy definition.
- B. It reimburses only hospital room charges. under the policy as written and subject to applicable terms.
- C. It pays a death benefit to beneficiaries. under the policy as written and subject to applicable terms.
- D. It covers damage to the insured's property. under the policy as written and subject to applicable terms.

53. Which option best states the insurance principle associated with elimination period?

- A. It is the period during which premiums are always waived. under the policy as written and subject to applicable terms.
- B. It is the waiting period after disability begins before disability-income benefits become payable.
- C. It is the time allowed to change beneficiaries. under the policy as written and subject to applicable terms.
- D. It is the health-policy grace period. under the policy as written and subject to applicable terms.

54. Which option best states the insurance principle associated with benefit period?

- A. It is the time before a policy can be issued. under the policy as written and subject to applicable terms.
- B. It is the period used to calculate a deductible. under the policy as written and subject to applicable terms.
- C. It is the maximum length of time disability benefits may be paid for one disability.

D. It is the life-policy contestability period. under the policy as written and subject to applicable terms.

55. Which option best states the insurance principle associated with own-occupation disability definition?

A. It requires inability to perform any job whatsoever. under the policy as written and subject to applicable terms.

B. It applies only after retirement. under the policy as written and subject to applicable terms.

C. It excludes partial disabilities automatically. under the policy as written and subject to applicable terms.

D. It considers the insured disabled when unable to perform the duties of that insured's own occupation.

56. Which option best states the insurance principle associated with residual disability benefit?

A. It is paid only after an accidental death. under the policy as written and subject to applicable terms.

B. It replaces the policy deductible. under the policy as written and subject to applicable terms.

C. It may pay when a disabled insured suffers a qualifying loss of income but can still work part time.

D. It is available only in dental plans. under the policy as written and subject to applicable terms.

57. Which option best states the insurance principle associated with presumptive disability?

A. It treats certain severe losses, such as sight or limbs, as total disability under the policy.

B. It requires proof that the insured cannot perform any work. under the policy as written and subject to applicable terms.

C. It applies only to short-term medical bills. under the policy as written and subject to applicable terms.

D. It is a policy cancellation provision. under the policy as written and subject to applicable terms.

58. Which option best states the insurance principle associated with waiver of premium rider?

A. It returns every premium paid at policy surrender. under the policy as written and subject to applicable terms.

- B. It waives future premiums while the insured meets the rider's disability conditions. under the policy as written and subject to applicable terms.
- C. It pays the beneficiary's medical expenses. under the policy as written and subject to applicable terms.
- D. It converts coverage to an annuity. under the policy as written and subject to applicable terms.

59. Which option best states the insurance principle associated with accidental death and dismemberment coverage?

- A. It pays for every illness-related hospitalization. under the policy as written and subject to applicable terms.
- B. It replaces long-term care coverage. under the policy as written and subject to applicable terms.
- C. It pays specified benefits for covered accidental death or qualifying accidental losses. under the policy as written and subject to applicable terms.
- D. It is a form of property insurance. under the policy as written and subject to applicable terms.

60. Which option best states the insurance principle associated with major medical coverage?

- A. It is designed to cover broad medical expenses, usually with cost-sharing features. under the policy as written and subject to applicable terms.
- B. It pays only a fixed cash amount per hospital day. under the policy as written and subject to applicable terms.
- C. It covers only accidental injuries. under the policy as written and subject to applicable terms.
- D. It has no limits, exclusions, or deductibles. under the policy as written and subject to applicable terms.

61. Which option best states the insurance principle associated with deductible?

- A. It is the insurer's payment after a claim. under the policy as written and subject to applicable terms.
- B. It is the premium discount for healthy applicants. under the policy as written and subject to applicable terms.
- C. It is the policy's lifetime maximum benefit. under the policy as written and subject to applicable terms.

D. It is the amount the insured generally pays before the plan begins sharing covered expenses.

62. Which option best states the insurance principle associated with coinsurance?

A. It is a fixed dollar amount paid for each visit. under the policy as written and subject to applicable terms.

B. It is the percentage of covered expenses shared by the insured after the deductible.

C. It is the annual policy premium. under the policy as written and subject to applicable terms.

D. It is a rider that waives premiums. under the policy as written and subject to applicable terms.

63. Which option best states the insurance principle associated with copayment?

A. It is the percentage paid after the deductible. under the policy as written and subject to applicable terms.

B. It is a fixed amount the insured pays for a covered service under the plan.

C. It is the amount paid by the insurer at death. under the policy as written and subject to applicable terms.

D. It is an annual tax credit. under the policy as written and subject to applicable terms.

64. Which option best states the insurance principle associated with out-of-pocket maximum?

A. It caps the member's covered cost sharing for the plan period, subject to plan terms.

B. It caps the insurer's total claims liability. under the policy as written and subject to applicable terms.

C. It is the same as a life-policy face amount. under the policy as written and subject to applicable terms.

D. It is a charge for leaving a provider network. under the policy as written and subject to applicable terms.

65. Which option best states the insurance principle associated with preferred provider organization?

A. It generally requires all care through a primary physician. under the policy as written and subject to applicable terms.

- B. It pays only fixed hospital indemnity benefits. under the policy as written and subject to applicable terms.
- C. It offers network providers at favorable cost sharing while usually permitting out-of-network care at higher cost.
- D. It has no provider network at all. under the policy as written and subject to applicable terms.

66. Which option best states the insurance principle associated with health maintenance organization?

- A. It is a policy that pays only accidental death claims. under the policy as written and subject to applicable terms.
- B. It has no managed-care structure. under the policy as written and subject to applicable terms.
- C. It guarantees any provider is in network. under the policy as written and subject to applicable terms.
- D. It provides care through an organized network and commonly emphasizes primary and preventive care.

67. Which option best states the insurance principle associated with point-of-service plan?

- A. It prohibits every referral and network requirement. under the policy as written and subject to applicable terms.
- B. It pays only a stated cash amount after diagnosis. under the policy as written and subject to applicable terms.
- C. It combines managed-care features with an option to obtain out-of-network care at greater cost.
- D. It is a type of whole life policy. under the policy as written and subject to applicable terms.

68. Which option best states the insurance principle associated with exclusive provider organization?

- A. It generally covers nonemergency care only when obtained through its contracted provider network.
- B. It always pays the same amount for any provider. under the policy as written and subject to applicable terms.
- C. It is a life insurance settlement option. under the policy as written and subject to applicable terms.
- D. It has no negotiated provider contracts. under the policy as written and subject to applicable terms.

69. Which option best states the insurance principle associated with utilization review?

- A. It is the process of naming a policy beneficiary. under the policy as written and subject to applicable terms.
- B. It is a process used to evaluate the medical necessity or appropriateness of services.
- C. It is a cash-value calculation for life insurance. under the policy as written and subject to applicable terms.
- D. It is a life-policy reinstatement requirement. under the policy as written and subject to applicable terms.

70. Which option best states the insurance principle associated with preauthorization?

- A. It is proof that a claim has already been paid. under the policy as written and subject to applicable terms.
- B. It is a beneficiary's written acceptance of proceeds. under the policy as written and subject to applicable terms.
- C. It is an automatic premium loan. under the policy as written and subject to applicable terms.
- D. It is advance approval required by a plan for certain services before coverage is provided.

71. Which option best states the insurance principle associated with coordination of benefits?

- A. It lets an insured collect full benefits from every plan without limit. under the policy as written and subject to applicable terms.
- B. It determines life-policy cash surrender value. under the policy as written and subject to applicable terms.
- C. It coordinates payments when a person has more than one health plan to avoid duplicate recovery.
- D. It is a method of premium rating only. under the policy as written and subject to applicable terms.

72. Which option best states the insurance principle associated with subrogation?

- A. It gives a beneficiary the right to change the policyowner. under the policy as written and subject to applicable terms.

- B. It converts health insurance into a life annuity. under the policy as written and subject to applicable terms.
- C. It prevents an insurer from investigating a claim. under the policy as written and subject to applicable terms.
- D. It gives an insurer the right to recover from a responsible third party after paying a covered loss.

73. Which option best states the insurance principle associated with stop-loss provision?

- A. It limits an insured's out-of-pocket responsibility after a stated amount of covered expenses.
- B. It limits the policy's face amount at issue. under the policy as written and subject to applicable terms.
- C. It eliminates all deductibles before a claim. under the policy as written and subject to applicable terms.
- D. It guarantees no premium increases. under the policy as written and subject to applicable terms.

74. Which option best states the insurance principle associated with hospital indemnity policy?

- A. It pays every medical bill without a limit. under the policy as written and subject to applicable terms.
- B. It pays a stated amount for covered hospital confinement rather than reimbursement of actual expense.
- C. It is a comprehensive major medical policy. under the policy as written and subject to applicable terms.
- D. It is a disability income policy. under the policy as written and subject to applicable terms.

75. Which option best states the insurance principle associated with specified disease policy?

- A. It covers every illness with unlimited benefits. under the policy as written and subject to applicable terms.
- B. It pays benefits for a named illness or condition described by the policy.
- C. It provides coverage only for accidental death. under the policy as written and subject to applicable terms.
- D. It replaces Medicare Part A. under the policy as written and subject to applicable terms.

76. Which option best states the insurance principle associated with dental insurance?

- A. It provides only disability-income benefits. under the policy as written and subject to applicable terms.
- B. It pays a life-policy death benefit. under the policy as written and subject to applicable terms.
- C. It is always an HMO with no cost sharing. under the policy as written and subject to applicable terms.
- D. It commonly provides benefits for preventive, basic, and major dental services subject to plan terms.

77. Which option best states the insurance principle associated with vision insurance?

- A. It covers only inpatient surgery. under the policy as written and subject to applicable terms.
- B. It is a form of whole life insurance. under the policy as written and subject to applicable terms.
- C. It commonly helps cover examinations, lenses, frames, or contact lenses under plan terms.
- D. It replaces Medicare hospital insurance. under the policy as written and subject to applicable terms.

78. Which option best states the insurance principle associated with long-term care insurance?

- A. It is designed to help cover qualifying extended-care services when chronic illness or disability criteria are met.
- B. It pays only a one-time accidental death benefit. under the policy as written and subject to applicable terms.
- C. It is limited to emergency-room services. under the policy as written and subject to applicable terms.
- D. It covers only routine dental care. under the policy as written and subject to applicable terms.

79. Which option best states the insurance principle associated with activities of daily living?

- A. They are investment choices in an annuity. under the policy as written and subject to applicable terms.
- B. They are life-policy settlement options. under the policy as written and subject to applicable terms.
- C. They are the elements of a contract. under the policy as written and subject to applicable terms.
- D. They include basic self-care functions such as bathing, dressing, eating, toileting, continence, and transferring.

80. Which option best states the insurance principle associated with Medicare Part A?

- A. It primarily covers outpatient physician services. under the policy as written and subject to applicable terms.
- B. It is a private Medicare supplement policy. under the policy as written and subject to applicable terms.
- C. It primarily helps cover inpatient hospital and related facility care for eligible beneficiaries.
- D. It covers only prescription drugs. under the policy as written and subject to applicable terms.

81. Which option best states the insurance principle associated with Medicare Part B?

- A. It primarily pays inpatient hospital room charges. under the policy as written and subject to applicable terms.
- B. It primarily helps cover physician and outpatient medical services for eligible beneficiaries. under the policy as written and subject to applicable terms.
- C. It is the prescription-drug benefit. under the policy as written and subject to applicable terms.
- D. It is a long-term care policy. under the policy as written and subject to applicable terms.

82. Which option best states the insurance principle associated with Medicare Part C?

- A. It allows beneficiaries to receive Medicare-covered benefits through private plan options approved by Medicare.
- B. It is limited to original Medicare hospital coverage. under the policy as written and subject to applicable terms.
- C. It is the standard Medicare supplement policy. under the policy as written and subject to applicable terms.
- D. It is a life insurance rider. under the policy as written and subject to applicable terms.

83. Which option best states the insurance principle associated with Medicare Part D?

- A. It pays only inpatient hospital claims. under the policy as written and subject to applicable terms.
- B. It provides prescription drug coverage through Medicare-approved plans. under the policy as written and subject to applicable terms.
- C. It replaces all Medicare eligibility rules. under the policy as written and subject to applicable terms.
- D. It is a disability-income policy. under the policy as written and subject to applicable terms.

84. Which option best states the insurance principle associated with Medicare supplement insurance?

- A. It replaces enrollment in Medicare entirely. under the policy as written and subject to applicable terms.
- B. It is the same as Medicaid eligibility. under the policy as written and subject to applicable terms.
- C. It is a policy for prescription drugs only. under the policy as written and subject to applicable terms.
- D. It is standardized private coverage designed to help pay certain gaps in Original Medicare.

85. Which option best states the insurance principle associated with Medicaid?

- A. It is a private life insurance policy. under the policy as written and subject to applicable terms.
- B. It is a Medicare supplement plan. under the policy as written and subject to applicable terms.
- C. It is a joint federal-state program that provides medical assistance to eligible low-income individuals.
- D. It is an employer-owned annuity. under the policy as written and subject to applicable terms.

86. Which option best states the insurance principle associated with COBRA continuation?

- A. It allows certain qualified individuals to continue group health coverage after qualifying events, subject to law and plan rules.
- B. It creates permanent individual coverage with no premium. under the policy as written and subject to applicable terms.
- C. It applies only to life insurance beneficiaries. under the policy as written and subject to applicable terms.
- D. It is a policy-loan feature. under the policy as written and subject to applicable terms.

87. Which option best states the insurance principle associated with HIPAA portability?

- A. It is a life-policy beneficiary rule. under the policy as written and subject to applicable terms.
- B. It includes protections involving health coverage portability and limits on certain preexisting-condition practices.
- C. It sets insurance producer commissions. under the policy as written and subject to applicable terms.
- D. It regulates annuity surrender charges. under the policy as written and subject to applicable terms.

88. Which option best states the insurance principle associated with Health Savings Account?

- A. It is available with every type of health plan. under the policy as written and subject to applicable terms.
- B. It pays a life-policy death benefit. under the policy as written and subject to applicable terms.
- C. It is funded only by insurers. under the policy as written and subject to applicable terms.
- D. It is a tax-advantaged account that may be used with a qualifying high-deductible health plan.

89. Which option best states the insurance principle associated with Flexible Spending Account?

- A. It is an employer-sponsored account that can reimburse eligible expenses under plan rules.
- B. It is a permanent life insurance cash-value account. under the policy as written and subject to applicable terms.
- C. It is a Medicare supplement policy. under the policy as written and subject to applicable terms.
- D. It is a policy settlement option. under the policy as written and subject to applicable terms.

90. Which option best states the insurance principle associated with group insurance master policy?

- A. It is issued separately to every employee as an individual policy. under the policy as written and subject to applicable terms.
- B. It has no eligibility requirements. under the policy as written and subject to applicable terms.
- C. It is issued to the policyholder, while covered members typically receive certificates of coverage.
- D. It cannot name a beneficiary. under the policy as written and subject to applicable terms.

91. Which option best states the insurance principle associated with contributory group plan?

- A. It is paid entirely by the employer. under the policy as written and subject to applicable terms.
- B. It has no enrollment process. under the policy as written and subject to applicable terms.
- C. It requires covered employees to pay part of the premium. under the policy as written and subject to applicable terms.
- D. It is limited to accidental death benefits. under the policy as written and subject to applicable terms.

92. Which option best states the insurance principle associated with noncontributory group plan?

- A. It requires each employee to pay the entire premium. under the policy as written and subject to applicable terms.
- B. It is funded entirely by the employer for eligible employees. under the policy as written and subject to applicable terms.
- C. It is available only to retirees. under the policy as written and subject to applicable terms.
- D. It requires proof of insurability for every employee. under the policy as written and subject to applicable terms.

93. Which option best states the insurance principle associated with group conversion privilege?

- A. It permits a qualifying person leaving group coverage to obtain individual coverage without evidence of insurability, subject to rules.
- B. It requires a new medical exam in every case. under the policy as written and subject to applicable terms.
- C. It converts group health coverage into a life annuity. under the policy as written and subject to applicable terms.
- D. It refunds all prior premiums. under the policy as written and subject to applicable terms.

94. Which option best states the insurance principle associated with probationary period?

- A. It is a period after a claim is fully paid. under the policy as written and subject to applicable terms.
- B. It is the term of a life insurance policy. under the policy as written and subject to applicable terms.
- C. It is a time limit on policy loans. under the policy as written and subject to applicable terms.

D. It is a waiting period before a new employee becomes eligible for group coverage.

95. Which option best states the insurance principle associated with eligibility period?

A. It is the time during which a claim is denied. under the policy as written and subject to applicable terms.

B. It is the time window in which an eligible person may enroll or make benefit elections.

C. It is the period for annuity accumulation. under the policy as written and subject to applicable terms.

D. It is a beneficiary settlement period. under the policy as written and subject to applicable terms.

96. Which option best states the insurance principle associated with open enrollment?

A. It is a scheduled period when eligible members may enroll or change health-plan elections without a qualifying event.

B. It is the policy grace period. under the policy as written and subject to applicable terms.

C. It is a life-policy reinstatement process. under the policy as written and subject to applicable terms.

D. It is a claim investigation period. under the policy as written and subject to applicable terms.

97. Which option best states the insurance principle associated with Texas general lines life accident health and HMO license?

A. It authorizes only property and casualty transactions. under the policy as written and subject to applicable terms.

B. It authorizes only securities transactions. under the policy as written and subject to applicable terms.

C. It authorizes the license holder to transact the lines of life, accident, health, and HMO insurance as allowed by Texas law.

D. It authorizes only title insurance transactions. under the policy as written and subject to applicable terms.

98. Which option best states the insurance principle associated with Texas designated responsible licensed producer?

- A. It is any employee who answers a phone. under the policy as written and subject to applicable terms.
- B. It is the beneficiary of every agency policy. under the policy as written and subject to applicable terms.
- C. It is a person who never needs an insurance license. under the policy as written and subject to applicable terms.
- D. It is a qualifying officer or active partner who holds the appropriate Texas license for an agency.

99. Which option best states the insurance principle associated with Texas emergency license for general lines life accident health and HMO?

- A. It is not available for this general-lines license category. under the policy as written and subject to applicable terms.
- B. It is issued automatically after an application. under the policy as written and subject to applicable terms.
- C. It replaces all examination requirements permanently. under the policy as written and subject to applicable terms.
- D. It is issued only to policy beneficiaries. under the policy as written and subject to applicable terms.

100. Which option best states the insurance principle associated with Texas provisional permit for general lines life accident health and HMO?

- A. It is issued automatically to every applicant. under the policy as written and subject to applicable terms.
- B. It authorizes unlicensed sales without supervision forever. under the policy as written and subject to applicable terms.
- C. It is not offered for this general-lines license category. under the policy as written and subject to applicable terms.
- D. It is the same as a temporary policy receipt. under the policy as written and subject to applicable terms.

101. Which option best states the insurance principle associated with Texas nonresident general-lines application?

- A. It requires the applicant to be a Texas resident. under the policy as written and subject to applicable terms.
- B. It requires an active equivalent resident license in good standing in the applicant's home state.
- C. It eliminates all licensing eligibility requirements. under the policy as written and subject to applicable terms.
- D. It requires the applicant to be an insurer employee. under the policy as written and subject to applicable terms.

102. Which option best states the insurance principle associated with Texas annuity best-interest training?

- A. It applies only to property insurance claims. under the policy as written and subject to applicable terms.
- B. It replaces the need for any insurance license. under the policy as written and subject to applicable terms.
- C. It is a beneficiary settlement option. under the policy as written and subject to applicable terms.
- D. It is required training for agents who sell annuities, focused on best-interest obligations when recommending an annuity.

103. Which option best states the insurance principle associated with Texas Department of Insurance?

- A. It is a private insurer that sells health policies. under the policy as written and subject to applicable terms.
- B. It is a federal Medicare contractor. under the policy as written and subject to applicable terms.
- C. It is a life-policy beneficiary. under the policy as written and subject to applicable terms.
- D. It is the state agency that regulates insurance in Texas and administers insurance licensing oversight.

104. Which option best states the insurance principle associated with unfair discrimination?

- A. It is treating similar insurance risks differently without a sound actuarial or legal basis.
- B. It is charging different premiums for different risk classes. under the policy as written and subject to applicable terms.

- C. It is declining risks outside an insurer's underwriting guidelines. under the policy as written and subject to applicable terms.
- D. It is requiring an application before issuing a policy. under the policy as written and subject to applicable terms.

105. Which option best states the insurance principle associated with rebating?

- A. It is collecting a premium due under the policy. under the policy as written and subject to applicable terms.
- B. It is explaining policy exclusions to an applicant. under the policy as written and subject to applicable terms.
- C. It is offering an inducement not stated in the policy to persuade a person to buy insurance.
- D. It is paying a valid claim to a beneficiary. under the policy as written and subject to applicable terms.

106. Which option best states the insurance principle associated with twisting?

- A. It is issuing a policy with a contestability clause. under the policy as written and subject to applicable terms.
- B. It is using misleading comparisons to induce a policyowner to replace existing coverage.
- C. It is collecting a premium after the due date. under the policy as written and subject to applicable terms.
- D. It is assigning a policy to a lender. under the policy as written and subject to applicable terms.

107. Which option best states the insurance principle associated with misrepresentation?

- A. It is making a false or misleading statement about policy terms, benefits, or an insurer.
- B. It is accurately explaining a policy limitation. under the policy as written and subject to applicable terms.
- C. It is collecting an application signature. under the policy as written and subject to applicable terms.
- D. It is delivering a policy to the owner. under the policy as written and subject to applicable terms.

108. Which option best states the insurance principle associated with defamation in insurance?

- A. It is comparing policy benefits accurately. under the policy as written and subject to applicable terms.
- B. It is filing a required report with a regulator. under the policy as written and subject to applicable terms.
- C. It is replacing a group certificate. under the policy as written and subject to applicable terms.
- D. It is making false statements that harm an insurer's or producer's reputation. under the policy as written and subject to applicable terms.

109. Which option best states the insurance principle associated with boycott coercion or intimidation?

- A. It is an ordinary underwriting classification. under the policy as written and subject to applicable terms.
- B. It is an unfair practice that seeks to restrain trade through improper pressure or threats.
- C. It is a policyowner's beneficiary designation. under the policy as written and subject to applicable terms.
- D. It is a Medicare enrollment choice. under the policy as written and subject to applicable terms.

110. Which option best states the insurance principle associated with fiduciary responsibility for premiums?

- A. It permits premiums to be treated as personal income immediately. under the policy as written and subject to applicable terms.
- B. It lets a producer delay transmitting premiums indefinitely. under the policy as written and subject to applicable terms.
- C. It requires a producer to handle premiums received on behalf of an insurer responsibly and separately from personal funds.
- D. It transfers premium ownership to the beneficiary. under the policy as written and subject to applicable terms.

111. Which option best states the insurance principle associated with producer authority?

- A. It is the authority of a beneficiary to change policy terms. under the policy as written and subject to applicable terms.

- B. It is a consumer's right to issue insurance policies. under the policy as written and subject to applicable terms.
- C. It is a policyowner's right to avoid premium payment. under the policy as written and subject to applicable terms.
- D. It is the authority granted by an insurer for a producer to act on the insurer's behalf within stated limits.

112. Which option best states the insurance principle associated with express authority?

- A. It is authority inferred from ordinary duties. under the policy as written and subject to applicable terms.
- B. It is authority created by a consumer's assumption. under the policy as written and subject to applicable terms.
- C. It is authority specifically stated in an agency agreement or appointment. under the policy as written and subject to applicable terms.
- D. It is authority that always exceeds a contract. under the policy as written and subject to applicable terms.

113. Which option best states the insurance principle associated with implied authority?

- A. It is authority written only in a beneficiary designation. under the policy as written and subject to applicable terms.
- B. It is authority reasonably necessary to carry out expressly authorized duties. under the policy as written and subject to applicable terms.
- C. It is authority that cannot be used by a producer. under the policy as written and subject to applicable terms.
- D. It is authority granted by a court after a claim. under the policy as written and subject to applicable terms.

114. Which option best states the insurance principle associated with apparent authority?

- A. It arises when an insurer's conduct reasonably leads others to believe a producer has authority.

- B. It is authority created by a producer's private promise alone. under the policy as written and subject to applicable terms.
- C. It is authority to change any policy without consent. under the policy as written and subject to applicable terms.
- D. It is authority held only by a beneficiary. under the policy as written and subject to applicable terms.

115. Which option best states the insurance principle associated with insurance fraud?

- A. It is an honest mistake in a medical record. under the policy as written and subject to applicable terms.
- B. It is a routine claim investigation. under the policy as written and subject to applicable terms.
- C. It involves knowingly making a false statement or material misrepresentation to obtain an insurance benefit or advantage.
- D. It is a policyowner's lawful premium payment. under the policy as written and subject to applicable terms.

116. Which option best states the insurance principle associated with replacement notice?

- A. It is a disclosure used in a replacement transaction to alert the applicant to important comparisons and potential disadvantages.
- B. It is a notice that automatically cancels all existing insurance. under the policy as written and subject to applicable terms.
- C. It is a premium receipt for policy loans. under the policy as written and subject to applicable terms.
- D. It is a beneficiary settlement election. under the policy as written and subject to applicable terms.

117. Which option best states the insurance principle associated with free-look provision?

- A. It lets a producer change coverage after a claim. under the policy as written and subject to applicable terms.
- B. It allows a new policyowner a stated period to review the policy and return it for a refund under applicable terms.
- C. It permanently waives every policy exclusion. under the policy as written and subject to applicable terms.

D. It replaces the grace-period provision. under the policy as written and subject to applicable terms.

118. Which option best states the insurance principle associated with Texas Life and Health exam preparation?

A. It should rely only on generic property insurance questions. under the policy as written and subject to applicable terms.

B. It should ignore product concepts and consumer protections. under the policy as written and subject to applicable terms.

C. It should treat practice questions as official exam items. under the policy as written and subject to applicable terms.

D. It should emphasize the current Pearson VUE Texas content outline and Texas insurance-law supplement.

119. Which option best states the insurance principle associated with assignment of a life insurance policy?

A. It automatically changes the insured person. under the policy as written and subject to applicable terms.

B. It transfers some or all policy rights from the owner to another party, subject to policy terms.

C. It prevents any beneficiary from receiving proceeds. under the policy as written and subject to applicable terms.

D. It cancels the policy without a surrender value. under the policy as written and subject to applicable terms.

120. Which option best states the insurance principle associated with absolute assignment?

A. It transfers all ownership rights in a policy to the assignee. under the policy as written and subject to applicable terms.

B. It transfers only a temporary collateral interest. under the policy as written and subject to applicable terms.

C. It changes only the beneficiary designation. under the policy as written and subject to applicable terms.

D. It applies only to group health certificates. under the policy as written and subject to applicable terms.

121. Which option best states the insurance principle associated with collateral assignment?

- A. It permanently transfers all policy rights. under the policy as written and subject to applicable terms.
- B. It is a health-policy deductible. under the policy as written and subject to applicable terms.
- C. It transfers a limited policy interest to secure a debt while the owner retains remaining rights.
- D. It voids the policy when a loan is repaid. under the policy as written and subject to applicable terms.

122. Which option best states the insurance principle associated with spendthrift clause?

- A. It requires immediate lump-sum payment. under the policy as written and subject to applicable terms.
- B. It makes every beneficiary irrevocable. under the policy as written and subject to applicable terms.
- C. It converts the policy into an annuity. under the policy as written and subject to applicable terms.
- D. It protects policy proceeds from a beneficiary's creditors while the proceeds remain with the insurer.

123. Which option best states the insurance principle associated with guaranteed insurability rider?

- A. It guarantees every application will be approved. under the policy as written and subject to applicable terms.
- B. It waives all policy premiums forever. under the policy as written and subject to applicable terms.
- C. It allows unlimited loans against term insurance. under the policy as written and subject to applicable terms.
- D. It allows the owner to buy additional coverage at stated times without new evidence of insurability.

124. Which option best states the insurance principle associated with payor benefit rider?

- A. It pays the child an immediate death benefit. under the policy as written and subject to applicable terms.
- B. It waives premiums if the payor of a juvenile policy dies or becomes disabled as specified.
- C. It guarantees cash value on a term policy. under the policy as written and subject to applicable terms.

D. It changes the child into the policyowner automatically. under the policy as written and subject to applicable terms.

125. Which option best states the insurance principle associated with return-of-premium term insurance?

A. It guarantees a cash-value account every year. under the policy as written and subject to applicable terms.

B. It pays premiums only after the insured dies. under the policy as written and subject to applicable terms.

C. It may return stated premiums if the insured survives the term and all conditions are met.

D. It is identical to annual renewable term. under the policy as written and subject to applicable terms.

126. Which option best states the insurance principle associated with short-term disability coverage?

A. It is designed to replace income for a limited period following qualifying disability.

B. It pays lifetime benefits for every disability. under the policy as written and subject to applicable terms.

C. It covers only nursing-home expenses. under the policy as written and subject to applicable terms.

D. It is a form of accidental death coverage. under the policy as written and subject to applicable terms.

127. Which option best states the insurance principle associated with guaranteed renewable health insurance?

A. It requires the insurer to renew coverage while premiums are paid, although class-wide rates may change as allowed.

B. It locks the individual premium forever. under the policy as written and subject to applicable terms.

C. It lets the insurer cancel after any claim. under the policy as written and subject to applicable terms.

D. It guarantees every condition is covered immediately. under the policy as written and subject to applicable terms.

128. Which option best states the insurance principle associated with noncancellable health insurance?

- A. It permits cancellation after any claim. under the policy as written and subject to applicable terms.
- B. It permits individual premium changes every month. under the policy as written and subject to applicable terms.
- C. It applies only to group medical plans. under the policy as written and subject to applicable terms.
- D. It requires renewal and generally prevents the insurer from changing the insured's premium until a stated age.

129. Which option best states the insurance principle associated with probationary period in health insurance?

- A. It is the waiting period before premium payment. under the policy as written and subject to applicable terms.
- B. It is a life-policy contestability provision. under the policy as written and subject to applicable terms.
- C. It is a period at the beginning of a policy when losses from specified sicknesses may not be covered.
- D. It is a period used to calculate cash surrender value. under the policy as written and subject to applicable terms.

130. Which option best states the insurance principle associated with preexisting-condition provision?

- A. It guarantees every prior condition is covered without terms. under the policy as written and subject to applicable terms.
- B. It addresses coverage limitations for conditions that existed before the policy's effective date, subject to applicable law.
- C. It is a life-policy beneficiary rule. under the policy as written and subject to applicable terms.
- D. It determines an annuity interest rate. under the policy as written and subject to applicable terms.

Practice Exam 15: Answer Key and Explanations

1. D — The correct answer is: It provides lifetime protection with a level premium and cash-value buildup. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

2. C — The correct answer is: It provides coverage for a stated period and usually has no cash value. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

3. A — The correct answer is: It permits renewal without evidence of insurability, subject to policy terms. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

4. B — The correct answer is: It may be exchanged for permanent insurance without proof of insurability. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

5. C — The correct answer is: Its death benefit declines over time while the premium commonly remains level. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

6. D — The correct answer is: Its death benefit increases during the stated term. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

7. A — The correct answer is: It is designed to pay a borrower's outstanding debt if the insured dies. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

8. C — The correct answer is: It pays when the first insured person dies. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

9. D — The correct answer is: It pays the death benefit after the second insured dies. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

10. B — The correct answer is: It offers flexible premium payments and adjustable death-benefit features within policy limits. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

11. B — The correct answer is: Its cash value is invested in separate accounts and the owner bears investment risk. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

12. D — The correct answer is: It combines flexible-premium universal life features with separate-account investment choices. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

13. C — The correct answer is: It is the amount available to the owner upon surrender after applicable charges or loans. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

14. A — The correct answer is: It is a loan secured by the cash value of a permanent life policy. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

15. C — The correct answer is: They preserve some policy value when a permanent policy is surrendered or premiums stop. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

16. D — The correct answer is: It uses cash value to provide the full face amount as term coverage for a limited period. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

17. B — The correct answer is: It uses cash value to buy a smaller amount of fully paid permanent insurance. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

18. A — The correct answer is: It authorizes use of available cash value to pay an overdue premium. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

19. D — The correct answer is: It gives the owner a limited time after a due date to pay a premium while coverage continues. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

20. B — The correct answer is: It restores a lapsed policy when stated conditions, such as evidence of insurability and overdue amounts, are met. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

21. C — The correct answer is: After the stated period, it generally limits the insurer's ability to void coverage for application misstatements. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

22. A — The correct answer is: It limits payment if death by suicide occurs during the policy's stated early period. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

23. C — The correct answer is: It adjusts benefits or premiums to reflect the insured's correct age. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

24. A — The correct answer is: It may be changed by the policyowner without the beneficiary's consent. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

25. D — The correct answer is: It generally has vested rights, so certain policy changes require the beneficiary's consent. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

26. B — The correct answer is: It directs a deceased beneficiary's share to that beneficiary's descendants. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

27. D — The correct answer is: It allows an insurer to pay a qualified relative or person who incurred expenses when no beneficiary is available. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Choose the best answer.

28. B — The correct answer is: It pays proceeds in installments for a selected period. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

29. A — The correct answer is: It provides income for as long as the beneficiary lives. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

30. C — The correct answer is: It pays interest on retained proceeds while preserving the principal for later payment. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

31. A — The correct answer is: It is the time during which premiums earn interest or investment returns before income payments begin. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

32. C — The correct answer is: It is the period during which the contract pays income to the annuitant or payee. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

33. D — The correct answer is: It begins income payments shortly after the premium is paid. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

34. B — The correct answer is: It delays income payments until a future date chosen under the contract. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

35. C — The correct answer is: It credits interest at a stated or guaranteed rate, subject to contract terms. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

36. B — The correct answer is: Its values vary with separate-account investment performance. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer. Apply the stated contract terms to the facts given.

37. A — The correct answer is: It is a charge that may apply when funds are withdrawn early under the contract. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

38. D — The correct answer is: It occurs when a new policy is purchased and an existing life policy is lapsed, surrendered, or changed. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

39. C — The correct answer is: It must generally exist when the policy is issued. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

40. D — The correct answer is: It is the tendency of higher-risk persons to seek or retain more insurance than lower-risk persons. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

41. A — The correct answer is: It groups applicants with similar expected loss characteristics for underwriting and rating. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

42. B — The correct answer is: It is a statement believed true to the best of the applicant's knowledge, rather than a guaranteed warranty. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

43. D — The correct answer is: It consists of the applicant's premium and statements and the insurer's promise to provide coverage. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

44. B — The correct answer is: It is a contract in which only the insurer makes an enforceable promise to perform. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

45. A — The correct answer is: It is a contract drafted by one party, with ambiguities generally construed against that drafter. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

46. C — The correct answer is: It requires certain conditions, such as premium payment and proof of loss, before performance is due. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

47. D — The correct answer is: It involves unequal exchange values because benefits may greatly exceed premiums paid. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

48. B — The correct answer is: It regulates consumer reports and gives consumers rights concerning report information. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

49. A — The correct answer is: It is an information-sharing organization used by insurers as one underwriting resource. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

50. D — The correct answer is: It may provide temporary coverage if stated conditions are met while underwriting is completed. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

51. C — The correct answer is: It may be used within permitted limits to obtain a lower insurance age for premium purposes. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

52. A — The correct answer is: It replaces part of earned income when an insured becomes disabled under the policy definition. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

53. B — The correct answer is: It is the waiting period after disability begins before disability-income benefits become payable. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

54. C — The correct answer is: It is the maximum length of time disability benefits may be paid for one disability. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

55. D — The correct answer is: It considers the insured disabled when unable to perform the duties of that insured's own occupation. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

56. C — The correct answer is: It may pay when a disabled insured suffers a qualifying loss of income but can still work part time. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Choose the best answer.

57. A — The correct answer is: It treats certain severe losses, such as sight or limbs, as total disability under the policy. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

58. B — The correct answer is: It waives future premiums while the insured meets the rider's disability conditions. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

59. C — The correct answer is: It pays specified benefits for covered accidental death or qualifying accidental losses. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

60. A — The correct answer is: It is designed to cover broad medical expenses, usually with cost-sharing features. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

61. D — The correct answer is: It is the amount the insured generally pays before the plan begins sharing covered expenses. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

62. B — The correct answer is: It is the percentage of covered expenses shared by the insured after the deductible. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

63. B — The correct answer is: It is a fixed amount the insured pays for a covered service under the plan. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

64. A — The correct answer is: It caps the member's covered cost sharing for the plan period, subject to plan terms. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

65. C — The correct answer is: It offers network providers at favorable cost sharing while usually permitting out-of-network care at higher cost. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

66. D — The correct answer is: It provides care through an organized network and commonly emphasizes primary and preventive care. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

67. C — The correct answer is: It combines managed-care features with an option to obtain out-of-network care at greater cost. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

68. A — The correct answer is: It generally covers nonemergency care only when obtained through its contracted provider network. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

69. B — The correct answer is: It is a process used to evaluate the medical necessity or appropriateness of services. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

70. D — The correct answer is: It is advance approval required by a plan for certain services before coverage is provided. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

71. C — The correct answer is: It coordinates payments when a person has more than one health plan to avoid duplicate recovery. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

72. D — The correct answer is: It gives an insurer the right to recover from a responsible third party after paying a covered loss. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

73. A — The correct answer is: It limits an insured's out-of-pocket responsibility after a stated amount of covered expenses. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

74. B — The correct answer is: It pays a stated amount for covered hospital confinement rather than reimbursement of actual expense. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

75. B — The correct answer is: It pays benefits for a named illness or condition described by the policy. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

76. D — The correct answer is: It commonly provides benefits for preventive, basic, and major dental services subject to plan terms. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

77. C — The correct answer is: It commonly helps cover examinations, lenses, frames, or contact lenses under plan terms. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

78. A — The correct answer is: It is designed to help cover qualifying extended-care services when chronic illness or disability criteria are met. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

79. D — The correct answer is: They include basic self-care functions such as bathing, dressing, eating, toileting, continence, and transferring. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

80. C — The correct answer is: It primarily helps cover inpatient hospital and related facility care for eligible beneficiaries. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

81. B — The correct answer is: It primarily helps cover physician and outpatient medical services for eligible beneficiaries. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

82. A — The correct answer is: It allows beneficiaries to receive Medicare-covered benefits through private plan options approved by Medicare. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

83. B — The correct answer is: It provides prescription drug coverage through Medicare-approved plans. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

84. D — The correct answer is: It is standardized private coverage designed to help pay certain gaps in Original Medicare. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

85. C — The correct answer is: It is a joint federal-state program that provides medical assistance to eligible low-income individuals. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

86. A — The correct answer is: It allows certain qualified individuals to continue group health coverage after qualifying events, subject to law and plan rules. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Choose the best answer.

87. B — The correct answer is: It includes protections involving health coverage portability and limits on certain preexisting-condition practices. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

88. D — The correct answer is: It is a tax-advantaged account that may be used with a qualifying high-deductible health plan. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

89. A — The correct answer is: It is an employer-sponsored account that can reimburse eligible expenses under plan rules. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

90. C — The correct answer is: It is issued to the policyholder, while covered members typically receive certificates of coverage. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

91. C — The correct answer is: It requires covered employees to pay part of the premium. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

92. B — The correct answer is: It is funded entirely by the employer for eligible employees. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

93. A — The correct answer is: It permits a qualifying person leaving group coverage to obtain individual coverage without evidence of insurability, subject to rules. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Choose the best answer.

94. D — The correct answer is: It is a waiting period before a new employee becomes eligible for group coverage. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

95. B — The correct answer is: It is the time window in which an eligible person may enroll or make benefit elections. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

96. A — The correct answer is: It is a scheduled period when eligible members may enroll or change health-plan elections without a qualifying event. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

97. C — The correct answer is: It authorizes the license holder to transact the lines of life, accident, health, and HMO insurance as allowed by Texas law. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Choose the best answer.

98. D — The correct answer is: It is a qualifying officer or active partner who holds the appropriate Texas license for an agency. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

99. A — The correct answer is: It is not available for this general-lines license category. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

100. C — The correct answer is: It is not offered for this general-lines license category. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

101. B — The correct answer is: It requires an active equivalent resident license in good standing in the applicant's home state. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

102. D — The correct answer is: It is required training for agents who sell annuities, focused on best-interest obligations when recommending an annuity. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

103. D — The correct answer is: It is the state agency that regulates insurance in Texas and administers insurance licensing oversight. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

104. A — The correct answer is: It is treating similar insurance risks differently without a sound actuarial or legal basis. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

105. C — The correct answer is: It is offering an inducement not stated in the policy to persuade a person to buy insurance. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

106. B — The correct answer is: It is using misleading comparisons to induce a policyowner to replace existing coverage. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

107. A — The correct answer is: It is making a false or misleading statement about policy terms, benefits, or an insurer. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

108. D — The correct answer is: It is making false statements that harm an insurer's or producer's reputation. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

109. B — The correct answer is: It is an unfair practice that seeks to restrain trade through improper pressure or threats. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

110. C — The correct answer is: It requires a producer to handle premiums received on behalf of an insurer responsibly and separately from personal funds. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Choose the best answer.

111. D — The correct answer is: It is the authority granted by an insurer for a producer to act on the insurer's behalf within stated limits. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Choose the best answer.

112. C — The correct answer is: It is authority specifically stated in an agency agreement or appointment. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

113. B — The correct answer is: It is authority reasonably necessary to carry out expressly authorized duties. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

114. A — The correct answer is: It arises when an insurer's conduct reasonably leads others to believe a producer has authority. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

115. C — The correct answer is: It involves knowingly making a false statement or material misrepresentation to obtain an insurance benefit or advantage. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

116. A — The correct answer is: It is a disclosure used in a replacement transaction to alert the applicant to important comparisons and potential disadvantages. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Choose the best answer.

117. B — The correct answer is: It allows a new policyowner a stated period to review the policy and return it for a refund under applicable terms. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Choose the best answer.

118. D — The correct answer is: It should emphasize the current Pearson VUE Texas content outline and Texas insurance-law supplement. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

119. B — The correct answer is: It transfers some or all policy rights from the owner to another party, subject to policy terms. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

120. A — The correct answer is: It transfers all ownership rights in a policy to the assignee. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

121. C — The correct answer is: It transfers a limited policy interest to secure a debt while the owner retains remaining rights. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

122. D — The correct answer is: It protects policy proceeds from a beneficiary's creditors while the proceeds remain with the insurer. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

123. D — The correct answer is: It allows the owner to buy additional coverage at stated times without new evidence of insurability. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

124. B — The correct answer is: It waives premiums if the payor of a juvenile policy dies or becomes disabled as specified. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

125. C — The correct answer is: It may return stated premiums if the insured survives the term and all conditions are met. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

126. A — The correct answer is: It is designed to replace income for a limited period following qualifying disability. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

127. A — The correct answer is: It requires the insurer to renew coverage while premiums are paid, although class-wide rates may change as allowed. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

128. D — The correct answer is: It requires renewal and generally prevents the insurer from changing the insured's premium until a stated age. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.

129. C — The correct answer is: It is a period at the beginning of a policy when losses from specified sicknesses may not be covered. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Choose the best answer.

130. B — The correct answer is: It addresses coverage limitations for conditions that existed before the policy's effective date, subject to applicable law. This is the applicable insurance principle. Other choices either describe a different coverage, reverse a stated condition, or promise a result not supported by contract terms. Compare scope, timing, and eligibility carefully before selecting the single best answer.