VIRGINIA LIFE, ANNUITIES AND HEALTH INSURANCE - PRACTICE EXAM 11 (140 QUESTIONS)

This 140-question practice examination covers life insurance, annuities, health insurance, and Virginia producer regulation. Allow 140 minutes. Select the single best answer for each question. Confirm current Virginia examination and licensing requirements before testing.

1. During a client policy review, consider this question: Which definition of disability is generally more restrictive after an insured can work in another suitable occupation?

A. Own-occupation definition
B. Presumptive disability definition
C. Any-occupation definition
D. Residual disability definition

2. A Virginia licensing candidate should identify the best answer to this issue: What is residual disability coverage intended to address?

A. A partial loss of income after return to work
B. A loss caused only by death
C. A complete policy surrender
D. A change in beneficiary

3. Use the following insurance scenario to select the correct principle: What does a waiver-of-premium provision in disability coverage typically do?

A. Pays a death benefit immediately
B. Suspends required premiums during a qualifying disability
C. Converts the policy to group coverage

D. Eliminates the elimination period

4. In a coverage discussion, which conclusion is correct? What is the central purpose of medical expense insurance?

A. To replace an employer pension
B. To pay life insurance dividends
C. To cover property damage
D. To help pay covered healthcare costs

5. During a client policy review, consider this question: What is a deductible in health insurance?

A. The monthly premium paid to the insurer
B. The maximum benefit paid by the plan
C. The amount the insured pays before the plan begins sharing covered costs
D. A provider network discount

6. A Virginia licensing candidate should identify the best answer to this issue: What is a copayment?

A. A percentage paid after coinsurance
B. A policy loan against cash value
C. A waiting period for disability income
D. A stated dollar amount paid by the insured for a covered service

7. Use the following insurance scenario to select the correct principle: What is coinsurance in a medical plan?

A. A fixed premium paid quarterly
B. A percentage share of covered expenses paid by the insured after the deductible
C. A death benefit payment method
D. A group life conversion right

8. In a coverage discussion, which conclusion is correct? What is an out-of-pocket maximum designed to limit?

A. The insured’s covered cost sharing during the plan period
B. The insurer’s annual premium income
C. The number of dependents on the policy
D. The value of a policy loan

9. During a client policy review, consider this question: Which managed-care arrangement usually requires members to use a network and select or coordinate through a primary care provider?

A. Indemnity plan
B. Health maintenance organization
C. Medicare supplement policy
D. Fixed annuity

10. A Virginia licensing candidate should identify the best answer to this issue: Which managed-care arrangement commonly provides more flexibility for out-of-network care, usually at a higher cost?

A. Health maintenance organization
B. Closed-panel plan
C. Preferred provider organization
D. Exclusive provider arrangement only

11. Use the following insurance scenario to select the correct principle: What does preauthorization generally mean in managed care?

A. The plan reviews a proposed service before coverage is confirmed under its rules
B. The provider waives every charge
C. The insured avoids all cost sharing

D. The insurer guarantees payment regardless of necessity

12. In a coverage discussion, which conclusion is correct? What is a common purpose of utilization review?

A. To determine a life beneficiary
B. To establish a policy cash value
C. To set an annuity payout
D. To evaluate whether proposed care is medically necessary and appropriate

13. During a client policy review, consider this question: Which policy provision requires the insured to give timely notice of a claim?

A. Notice-of-claim provision
B. Entire-contract provision
C. Insuring clause
D. Incontestability provision

14. A Virginia licensing candidate should identify the best answer to this issue: What does proof of loss require from an insured claimant?

A. A change of beneficiary
B. Information supporting the claim as required by the policy
C. A new insurance application
D. A policy surrender request

15. Use the following insurance scenario to select the correct principle: What is the purpose of a free-look period in an individual health policy?

A. To eliminate all future premiums
B. To guarantee a claim approval

C. To let the buyer review and return the policy under stated conditions
D. To create a cash value account

16. In a coverage discussion, which conclusion is correct? What does guaranteed renewable mean in health insurance?

A. Premiums can never change for any insured
B. Coverage may be canceled after any claim
C. Benefits are guaranteed to increase annually
D. The insurer must renew coverage subject to policy terms but may change premiums by class

17. During a client policy review, consider this question: What does noncancelable mean in a health policy?

A. The insured can never cancel coverage
B. The policy has no exclusions
C. The insurer cannot cancel coverage or raise the individual premium while premiums are paid
D. The insurer must pay every claim

18. A Virginia licensing candidate should identify the best answer to this issue: What is a preexisting-condition limitation intended to address?

A. Conditions occurring after a loss
B. Only accidental injuries at work
C. Only claims submitted late
D. Conditions that existed before coverage began, subject to applicable rules

19. Use the following insurance scenario to select the correct principle: Which coverage is designed to help pay for extended care services when a person needs assistance with activities of daily living or supervision?

A. Long-term care insurance
B. Hospital indemnity only
C. Credit life insurance
D. Dental expense insurance

20. In a coverage discussion, which conclusion is correct? What are activities of daily living used for in long-term care insurance?

A. To set a life policy face amount
B. To help determine functional eligibility for benefits
C. To choose an annuity beneficiary
D. To calculate a group conversion premium

21. During a client policy review, consider this question: What is Medicare Part A primarily associated with?

A. Hospital insurance benefits
B. Prescription drug coverage only
C. Physician services only
D. Medicaid eligibility only

22. A Virginia licensing candidate should identify the best answer to this issue: What is Medicare Part B primarily associated with?

A. Hospital room and board only
B. Long-term custodial care only
C. Medical insurance such as physician and outpatient services
D. Life insurance death benefits

23. Use the following insurance scenario to select the correct principle: What is Medicare Part C commonly called?

A. Medigap
B. Medicaid
C. COBRA
D. Medicare Advantage

24. In a coverage discussion, which conclusion is correct? What is Medicare Part D designed primarily to provide?

A. Hospital cash indemnity
B. Prescription drug coverage
C. Long-term care only
D. Life insurance conversion

25. During a client policy review, consider this question: What is the central purpose of a Medicare supplement policy?

A. To replace all Medicare enrollment
B. To help cover certain gaps in Original Medicare cost sharing
C. To provide workers compensation
D. To insure an automobile

26. A Virginia licensing candidate should identify the best answer to this issue: Medicaid is best described as what?

A. A private life insurance policy
B. A Medicare supplement contract
C. A joint federal-state program providing medical assistance to eligible people
D. An employer pension plan

27. Use the following insurance scenario to select the correct principle: What does COBRA generally provide to eligible employees and dependents?

A. A permanent individual life policy
B. Automatic disability benefits for life
C. A guaranteed annuity payout
D. A temporary opportunity to continue group health coverage after qualifying events

28. In a coverage discussion, which conclusion is correct? What is workers compensation intended to address?

A. Work-related injuries and illnesses under applicable law
B. Only personal auto losses
C. Only losses after retirement
D. Only life insurance claims

29. During a client policy review, consider this question: What is the main purpose of a health savings account when paired with an eligible high-deductible health plan?

A. To hold life insurance cash value
B. To replace Medicare enrollment
C. To pay qualified medical expenses using tax-advantaged funds under applicable rules
D. To pay insurance producer commissions

30. A Virginia licensing candidate should identify the best answer to this issue: Which insurance arrangement pays a stated amount per day of hospitalization rather than reimbursing actual covered expenses?

A. Hospital indemnity insurance
B. Major medical insurance
C. Disability income insurance
D. Medicare supplement insurance

31. Use the following insurance scenario to select the correct principle: What is specified-disease insurance designed to provide?

A. Benefits for every medical condition without limits
B. Benefits for a named illness or condition as defined in the policy
C. A lifetime income stream
D. A death benefit for every dependent

32. In a coverage discussion, which conclusion is correct? What is dental insurance primarily designed to cover?

A. Only hospitalization expenses
B. Only disability income loss
C. Only life insurance premiums
D. Eligible preventive and restorative dental services

33. During a client policy review, consider this question: What is vision insurance primarily designed to help cover?

A. Only prescription drugs
B. Only long-term care services
C. Eligible eye examinations, lenses, frames, or related vision care
D. Only life policy loans

34. A Virginia licensing candidate should identify the best answer to this issue: What is an accident-only policy designed to cover?

A. Every illness and preventive service
B. Only loss of income after retirement
C. Only life insurance beneficiaries
D. Losses resulting from covered accidental injuries

35. Use the following insurance scenario to select the correct principle: What does a coordination-of-benefits provision seek to do?

A. Allow unlimited duplicate payments
B. Prevent duplicate recovery when more than one health plan may cover a claim
C. Assign a life beneficiary
D. Set a fixed annuity rate

36. In a coverage discussion, which conclusion is correct? What is subrogation in health insurance?

A. The insurer’s right to recover from a responsible third party after paying a covered claim
B. The insured’s right to cancel without notice
C. A provider’s right to change the policy
D. An annuitant’s income option

37. During a client policy review, consider this question: What is an impairment rider in a health policy?

A. A rider that guarantees all claims
B. A rider that adds life insurance cash value
C. A rider that changes the policyowner
D. A rider that excludes or limits coverage for a specified condition

38. A Virginia licensing candidate should identify the best answer to this issue: What does a probationary period in a health policy usually address?

A. A period after death benefits are paid
B. A period of guaranteed premium refunds
C. A period during which losses from sickness may not be covered
D. A period of automatic annuitization

39. Use the following insurance scenario to select the correct principle: What does a recurrent-disability provision generally address?

A. When a later disability is treated as a continuation of an earlier one
B. When life insurance is converted
C. When a beneficiary receives interest
D. When a policyowner borrows cash value

40. In a coverage discussion, which conclusion is correct? What is the purpose of a disability buy-sell agreement?

A. To pay an employee’s hospital bill
B. To fund a business owner’s interest purchase if disability occurs
C. To replace a group life certificate
D. To insure a business building

41. During a client policy review, consider this question: What is business overhead expense disability insurance intended to pay?

A. The owner’s personal retirement income only
B. A life insurance death benefit
C. A beneficiary’s inheritance tax
D. Covered business operating expenses while the insured owner is disabled

42. A Virginia licensing candidate should identify the best answer to this issue: What is key-person disability insurance designed to protect?

A. A family against a homeowner loss
B. A business against financial impact from a key employee’s disability
C. A beneficiary against policy loans
D. A retiree against prescription costs

43. Use the following insurance scenario to select the correct principle: What does a health policy’s insuring clause generally state?

A. The insurer’s basic promise to provide coverage in exchange for consideration
B. The producer’s commission schedule
C. The beneficiary’s settlement choice
D. The owner’s cash surrender value

44. In a coverage discussion, which conclusion is correct? What does a health policy’s consideration clause generally identify?

A. The provider network directory only
B. The beneficiary’s age
C. The premium and application statements that support the contract
D. The annuitant’s income option

45. During a client policy review, consider this question: What does an exclusion in a health policy do?

A. Guarantees an additional benefit
B. Changes the policyowner automatically
C. Creates a cash value loan
D. Identifies a loss, service, or circumstance the policy does not cover

46. A Virginia licensing candidate should identify the best answer to this issue: What is an experimental or investigational treatment exclusion intended to address?

A. Every emergency service automatically
B. All physician office visits
C. Services not meeting the plan’s coverage standards for established treatment
D. All prescription medications

47. Use the following insurance scenario to select the correct principle: Why is a network provider directory important to a managed-care member?

A. It determines the life policy beneficiary
B. It helps identify providers available under the plan’s network rules
C. It sets a fixed annuity payment
D. It replaces proof of loss

48. In a coverage discussion, which conclusion is correct? In Virginia, which state body regulates the insurance industry and insurance producers?

A. The State Corporation Commission Bureau of Insurance
B. The Department of Motor Vehicles
C. The federal Treasury Department
D. A county licensing board

49. During a client policy review, consider this question: What is a producer’s fiduciary responsibility regarding premiums collected from applicants or insureds?

A. Use premiums for personal expenses temporarily
B. Hold and remit premiums properly rather than treating them as personal funds
C. Pay premiums only after a claim occurs
D. Give premiums to beneficiaries directly

50. A Virginia licensing candidate should identify the best answer to this issue: Why are unfair trade practice rules important for insurance producers?

A. They prohibit deceptive, coercive, and unfair conduct in insurance transactions
B. They guarantee policy dividends
C. They replace policy contracts
D. They set annuity interest rates

51. Use the following insurance scenario to select the correct principle: What is rebating in an insurance transaction?

A. Explaining a policy exclusion
B. Collecting a required premium
C. Giving a required disclosure
D. Offering an unapproved inducement to buy insurance

52. In a coverage discussion, which conclusion is correct? Why is twisting prohibited in insurance sales?

A. It permits a consumer to compare policies
B. It requires a policy loan
C. It uses misleading comparisons to induce policy replacement or lapse
D. It creates a group certificate

53. During a client policy review, consider this question: What is misrepresentation in insurance advertising or sales?

A. Providing a policy illustration
B. Making a false or misleading statement about a policy or insurer
C. Giving a required replacement notice
D. Explaining an exclusion accurately

54. A Virginia licensing candidate should identify the best answer to this issue: What is defamation in the insurance context?

A. Providing a truthful comparison
B. Collecting a premium in trust
C. Making a false statement that harms an insurer or person’s reputation
D. Submitting a completed application

55. Use the following insurance scenario to select the correct principle: What is an example of an unfair claims settlement practice?

A. Failing to handle a claim fairly and promptly under applicable standards
B. Requesting reasonable claim information
C. Paying a covered claim
D. Explaining policy provisions accurately

56. In a coverage discussion, which conclusion is correct? What is the general purpose of producer licensing?

A. To guarantee all policies are identical
B. To eliminate insurer underwriting
C. To set medical provider fees
D. To help ensure people who sell, solicit, or negotiate insurance meet legal requirements

57. During a client policy review, consider this question: Why must a producer act within the authority granted by an insurer appointment or contract?

A. A producer automatically has unlimited authority
B. An insured sets the producer’s authority
C. A producer may bind or represent an insurer only as authorized
D. A beneficiary appoints every producer

58. A Virginia licensing candidate should identify the best answer to this issue: What is the purpose of continuing education for licensed insurance producers?

A. To maintain current competence and meet renewal requirements
B. To replace the initial license permanently
C. To avoid all insurer appointments
D. To guarantee a higher commission

59. Use the following insurance scenario to select the correct principle: Why should a producer disclose material policy information accurately?

A. Disclosure eliminates the need for a policy
B. Disclosure makes every sale guaranteed
C. Disclosure transfers ownership to the producer
D. Consumers need reliable information to make informed insurance decisions

60. In a coverage discussion, which conclusion is correct? What should a producer do when an applicant leaves a material application question unanswered?

A. Guess the answer from appearance
B. Obtain a complete response before submitting the application
C. Leave it blank and certify completion
D. Ask the beneficiary to complete it

61. During a client policy review, consider this question: Why should premium receipts and client funds be handled carefully?

A. They become producer income immediately
B. They are never connected to coverage
C. They can be used to buy advertising
D. They may be fiduciary funds subject to legal and contractual duties

62. A Virginia licensing candidate should identify the best answer to this issue: What is the main consumer-protection concern in replacing an existing life policy?

A. Replacement always lowers premiums
B. The new policy may have disadvantages such as new costs or loss of favorable features
C. Replacement eliminates underwriting
D. Replacement guarantees higher dividends

63. Use the following insurance scenario to select the correct principle: What is the producer's appropriate role when discussing policy illustrations?

A. Promise that every illustrated value will occur
B. Treat the illustration as the entire contract
C. Explain that non-guaranteed values are projections, not promises
D. Ignore guaranteed values entirely

64. In a coverage discussion, which conclusion is correct? Why must a producer avoid false statements about an insurer's financial condition?

A. Such statements can mislead consumers and constitute prohibited conduct
B. They increase the policy cash value
C. They are required in advertisements
D. They replace a policy disclosure

65. During a client policy review, consider this question: What does suitability mean in an insurance sales context?

A. Selling the highest-premium product automatically
B. Avoiding all customer questions
C. Recommending a product based on the consumer's needs and circumstances
D. Guaranteeing investment performance

66. A Virginia licensing candidate should identify the best answer to this issue: What is the best reason to keep accurate transaction records?

A. They support compliance, consumer service, and later verification
B. They eliminate licensing duties
C. They prevent every future claim
D. They replace an insurance contract

67. Use the following insurance scenario to select the correct principle: Why should a producer promptly communicate material changes in an application to the insurer?

A. Changes always lower the premium
B. Changes remove the need for a signature
C. Changes make the policy incontestable immediately
D. Changes can affect underwriting and the accuracy of issued coverage

68. In a coverage discussion, which conclusion is correct? What is the proper purpose of an insurance advertisement?

A. To guarantee every claim will be paid
B. To communicate policy information truthfully without misleading consumers
C. To waive policy exclusions
D. To set a beneficiary designation

69. During a client policy review, consider this question: Why is client privacy important in an insurance transaction?

A. Personal and health information should be handled and disclosed only as permitted
B. Privacy prevents underwriting entirely
C. Privacy gives a producer ownership of data
D. Privacy eliminates required records

70. A Virginia licensing candidate should identify the best answer to this issue: What is a producer expected to do if a consumer asks for clarification about a policy exclusion?

A. State that exclusions never apply
B. Change the policy without authority
C. Provide an accurate explanation and avoid minimizing the exclusion
D. Refer the consumer only to a beneficiary

71. Use the following insurance scenario to select the correct principle: Why is obtaining required signatures important on an insurance application?

A. They guarantee the policy will be issued
B. Signatures help confirm consent and support the application record
C. They replace underwriting
D. They waive all policy conditions

72. In a coverage discussion, which conclusion is correct? What is the general purpose of insurance department investigations?

A. To set every insurer premium
B. To manage hospital operations
C. To choose policy beneficiaries
D. To examine possible violations of insurance laws and regulations

73. During a client policy review, consider this question: Why may license discipline be imposed on a producer?

A. For accurately explaining coverage
B. For conduct such as violations of insurance law, dishonesty, or improper practices
C. For paying a valid premium promptly
D. For completing continuing education

74. A Virginia licensing candidate should identify the best answer to this issue: What is the proper handling of a customer complaint about a policy?

A. Ignore it until the policy expires
B. Promise coverage not in the contract
C. Delete all related records
D. Address it promptly, document it, and follow insurer and regulatory procedures

75. Use the following insurance scenario to select the correct principle: Why must policy comparisons be fair and complete?

A. Comparisons always constitute rebating
B. Comparisons replace the application
C. Selective or misleading comparisons can misrepresent coverage and induce improper replacement
D. Comparisons prevent a consumer choice

76. In a coverage discussion, which conclusion is correct? What does “solicitation” generally mean in insurance?

A. Attempting to sell insurance or asking someone to apply for coverage
B. Paying an approved claim
C. Processing a beneficiary change
D. Auditing an insurer’s finances

77. During a client policy review, consider this question: What does “negotiation” generally mean in insurance?

A. Delivering mail without discussing coverage
B. Paying a premium to an insurer
C. Receiving an annuity payment
D. Conferring directly with a prospective purchaser about terms or benefits to sell coverage

78. A Virginia licensing candidate should identify the best answer to this issue: What does “selling” generally mean in insurance?

A. Exchanging insurance for consideration through a completed transaction
B. Providing a general educational brochure only
C. Changing a provider directory
D. Filing a medical claim

79. Use the following insurance scenario to select the correct principle: Why is a producer’s license considered a privilege rather than an unrestricted right?

A. It eliminates all appointment requirements
B. It guarantees employment by an insurer
C. It is subject to ongoing compliance with insurance laws and regulatory standards
D. It permits any financial activity

80. In a coverage discussion, which conclusion is correct? What is the best approach when a producer is unsure whether a sales practice is allowed?

A. Proceed if the sale seems likely
B. Check applicable law, insurer guidance, and supervisory resources before acting
C. Offer an unapproved inducement
D. Avoid documenting the transaction

81. During a client policy review, consider this question: Why should a producer avoid altering an application after it is signed without proper authorization?

A. It always makes underwriting faster
B. It guarantees a lower premium
C. Unauthorized alteration can create inaccurate records and compliance problems
D. It is required after every signature

82. A Virginia licensing candidate should identify the best answer to this issue: What is the appropriate response to a suspected error in a policy delivered to a client?

A. Change it personally without notice
B. Report and correct it through the insurer’s authorized process
C. Tell the client the policy controls regardless of error
D. Discard the policy and application

83. Use the following insurance scenario to select the correct principle: Why is clear documentation of premium delivery important?

A. It changes the insured’s age
B. It creates an annuity payout
C. It eliminates a policy exclusion
D. It helps establish the transaction record and support proper handling of funds

84. In a coverage discussion, which conclusion is correct? What is the purpose of market-conduct oversight of insurance producers and insurers?

A. To promote compliance and fair treatment of consumers
B. To choose all policy beneficiaries
C. To establish personal tax rates
D. To guarantee investment returns

85. During a client policy review, consider this question: Why should a producer refrain from giving legal or tax advice outside the producer’s competence?

A. Producers may never explain policy provisions
B. Those issues may require qualified professional advice and specialized analysis
C. It automatically cancels a sale
D. It removes a client’s right to decide

86. A Virginia licensing candidate should identify the best answer to this issue: What should a producer do before recommending the surrender of an existing policy?

A. Evaluate the client’s needs and the consequences of giving up existing benefits
B. Assume surrender always improves coverage
C. Ignore surrender charges and replacement effects
D. Make the decision for the client

87. Use the following insurance scenario to select the correct principle: Why are policy forms and endorsements important to a Virginia insurance transaction?

A. They are marketing pieces only
B. They replace the application in every case
C. They have no effect after a premium is paid
D. They describe the contract terms, benefits, conditions, and limitations

88. In a coverage discussion, which conclusion is correct? What is the appropriate purpose of collecting health information during underwriting?

A. To disclose it to unrelated parties
B. To guarantee an applicant is declined
C. To evaluate eligibility and risk while protecting the information as required
D. To change a beneficiary designation

89. During a client policy review, consider this question: Why should a producer distinguish guaranteed policy elements from non-guaranteed elements?

A. Consumers should understand which values are contractual and which may change
B. All values are always guaranteed
C. No policy value can ever be guaranteed
D. The distinction only affects the producer

90. A Virginia licensing candidate should identify the best answer to this issue: What is a sound practice when presenting a life insurance replacement recommendation?

A. Promise that the new policy has no drawbacks
B. Provide required disclosures and explain both advantages and disadvantages
C. Discourage the client from reviewing documents
D. Avoid asking about existing coverage

91. Use the following insurance scenario to select the correct principle: Why does the Bureau of Insurance have authority to enforce insurance rules?

A. It is a private trade association
B. It is a federal court
C. It administers Virginia insurance regulation under the State Corporation Commission
D. It is a local insurer

92. In a coverage discussion, which conclusion is correct? What is the producer’s duty when receiving a material correction from an applicant before issuance?

A. Keep the correction private
B. Change it after issuance without notice
C. Ignore it if a premium was paid
D. Transmit the correction to the insurer so underwriting can consider it

93. During a client policy review, consider this question: Why is it important to avoid exaggerating policy benefits?

A. Exaggeration improves underwriting
B. Exaggeration creates policy cash value
C. Exaggeration is required for suitability
D. Overstatement can mislead the consumer and conflict with insurance rules

94. A Virginia licensing candidate should identify the best answer to this issue: What does acting in good faith toward an insurance customer require?

A. Honest, fair dealing and accurate communication within the producer’s role
B. Guaranteeing every requested benefit
C. Ignoring policy limitations
D. Using client funds for business expenses

95. Use the following insurance scenario to select the correct principle: What should a producer do with an insurer-required disclosure document?

A. Replace it with an oral promise
B. Provide it at the required time and retain evidence when appropriate
C. Withhold it until after a claim
D. Discard it after the sale

96. In a coverage discussion, which conclusion is correct? Why should a producer promptly forward completed applications and premiums as required?

A. Delay always improves acceptance
B. Delay changes the beneficiary
C. Delay can affect coverage, underwriting, and proper fiduciary handling
D. Delay eliminates the need for a receipt

97. During a client policy review, consider this question: What is the central purpose of a policy delivery review?

A. To change all contract terms immediately
B. To help the client understand the issued coverage, provisions, and next steps
C. To guarantee future dividends
D. To eliminate the free-look right

98. A Virginia licensing candidate should identify the best answer to this issue: Life insurance has a central purpose: to create an immediate estate for beneficiaries when the insured dies. Which policy feature accomplishes that purpose?

A. A death benefit paid to the named beneficiary
B. A cash value loan available to the owner
C. A premium refund paid to the producer
D. A disability benefit paid to the employer

99. Use the following insurance scenario to select the correct principle: An applicant wants coverage that lasts for a stated period and ordinarily has no cash value. Which policy best fits?

A. Whole life insurance
B. Variable life insurance
C. Level term life insurance
D. Universal life insurance

100. In a coverage discussion, which conclusion is correct? Which policy generally provides lifetime protection with fixed premiums and guaranteed cash value under its contract?

A. Decreasing term life insurance
B. Credit life insurance
C. Group term life insurance
D. Whole life insurance

101. During a client policy review, consider this question: What is the principal difference between an insurance policyowner and an insured person?

A. The insured always pays every premium
B. The owner controls contract rights; the insured is the life covered
C. The owner must also be the beneficiary
D. The beneficiary must own the policy

102. A Virginia licensing candidate should identify the best answer to this issue: A policy is issued on Jordan, and Taylor may change the beneficiary at any time. Taylor is most accurately described as what?

A. The irrevocable beneficiary
B. The contingent insured
C. The annuitant only
D. The policyowner with a revocable beneficiary designation

103. Use the following insurance scenario to select the correct principle: Why is an insurable interest required when a life policy is purchased?

A. To guarantee a cash value increase
B. To eliminate the need for underwriting
C. To prevent wagering on another person’s death
D. To make premiums tax deductible

104. In a coverage discussion, which conclusion is correct? Which beneficiary designation allows the policyowner to change the beneficiary without that beneficiary’s consent?

A. Revocable beneficiary
B. Irrevocable beneficiary
C. Primary annuitant
D. Absolute assignee

105. During a client policy review, consider this question: If the primary beneficiary dies before the insured and no alternate is named, what normally happens to life proceeds?

A. They are paid according to the policy and applicable succession rules
B. They automatically go to the producer
C. They become insurer profit
D. They are paid to the insured’s employer

106. A Virginia licensing candidate should identify the best answer to this issue: Which settlement option pays policy proceeds in equal installments for a selected period?

A. Life income option
B. Fixed-period option
C. Interest-only option
D. Lump-sum option

107. Use the following insurance scenario to select the correct principle: Under a life policy’s grace period, what remains in force when a premium is overdue?

A. Only the cash value
B. Only accidental death coverage
C. No coverage of any kind
D. Coverage, subject to the policy’s grace-period conditions

108. In a coverage discussion, which conclusion is correct? What does a life insurance incontestability provision primarily limit after the stated period?

A. The beneficiary’s right to receive proceeds
B. The owner’s right to pay premiums
C. The insurer’s ability to void coverage for application misstatements
D. The insured’s right to change age

109. During a client policy review, consider this question: Which clause permits an insurer to adjust benefits rather than rescind a policy when the insured’s age was misstated?

A. Entire-contract provision
B. Spendthrift provision
C. Misstatement-of-age provision
D. Consideration clause

110. A Virginia licensing candidate should identify the best answer to this issue: A policyowner stops paying premiums but wants permanent coverage to continue using cash value. Which nonforfeiture choice is often suitable?

A. Reduced paid-up insurance
B. Accelerated death benefit
C. Automatic premium increase
D. Term rider cancellation

111. Use the following insurance scenario to select the correct principle: Which nonforfeiture option uses cash value to buy term coverage for the full face amount for as long as the value will last?

A. Reduced paid-up insurance
B. Cash surrender option
C. Policy loan option
D. Extended term insurance

112. In a coverage discussion, which conclusion is correct? What is the purpose of an automatic premium loan provision?

A. To increase the face amount yearly
B. To use available cash value to pay an overdue premium
C. To waive every future premium
D. To convert term coverage into an annuity

113. During a client policy review, consider this question: Which dividend option uses dividends to purchase additional small amounts of permanent insurance?

A. Cash option
B. Premium reduction
C. Paid-up additions
D. Accumulation at interest

114. A Virginia licensing candidate should identify the best answer to this issue: What is a policy loan?

A. A loan against the available cash value of a permanent policy
B. A loan made by the beneficiary after death
C. A loan that cancels the death benefit
D. A loan funded by the producer's commission

115. Use the following insurance scenario to select the correct principle: Which rider generally waives premiums if the insured meets the policy’s definition of total disability?

A. Accidental death rider
B. Guaranteed insurability rider
C. Payor benefit rider
D. Waiver of premium rider

116. In a coverage discussion, which conclusion is correct? What does a guaranteed insurability rider allow an insured to do?

A. Borrow unlimited cash value without interest
B. Name unlimited beneficiaries
C. Buy stated additional coverage without new evidence of insurability
D. Skip all premiums after retirement

117. During a client policy review, consider this question: Which rider commonly pays an added amount if death results from a covered accident?

A. Cost-of-living rider
B. Accidental death benefit rider
C. Payor benefit rider
D. Return-of-premium rider

118. A Virginia licensing candidate should identify the best answer to this issue: A convertible term policy gives the owner which important right?

A. Receive a refund of every premium
B. Exchange term coverage for permanent coverage without new evidence of insurability
C. Eliminate the policy’s beneficiary
D. Increase coverage only after a claim

119. Use the following insurance scenario to select the correct principle: Which type of term insurance has a death benefit that declines over time?

A. Decreasing term insurance
B. Level term insurance
C. Renewable term insurance
D. Convertible term insurance

120. In a coverage discussion, which conclusion is correct? Mortgage protection is commonly associated with which type of life insurance?

A. Variable universal life
B. Whole life insurance
C. Joint life insurance
D. Decreasing term insurance

121. During a client policy review, consider this question: In a group life plan, who usually receives the master contract?

A. The policyholder or sponsoring employer
B. Each covered employee
C. The insurance producer
D. Every employee beneficiary

122. A Virginia licensing candidate should identify the best answer to this issue: What document is ordinarily given to a covered group-life member as evidence of coverage?

A. Master policy
B. Binder receipt
C. Certificate of insurance
D. Policy illustration

123. Use the following insurance scenario to select the correct principle: Which group-life conversion right is designed to protect a departing member?

A. The right to retain the group master contract
B. The right to collect the employer contribution
C. The right to require lower individual premiums
D. The right to obtain individual coverage without evidence of insurability when timely exercised

124. In a coverage discussion, which conclusion is correct? What is a common underwriting purpose of a life insurance application?

A. To guarantee the applicant a claim payment
B. To help the insurer evaluate risk and decide on issuance and premium
C. To transfer ownership to a beneficiary
D. To replace the policy contract

125. During a client policy review, consider this question: In life insurance, a representation is best described as what?

A. A promise that every fact is guaranteed
B. A beneficiary’s irrevocable instruction
C. An insurer’s premium refund
D. A statement believed true to the best of the applicant’s knowledge

126. A Virginia licensing candidate should identify the best answer to this issue: What is the usual effect of a material misrepresentation on a life application before the incontestability period ends?

A. It always raises the death benefit
B. It may give the insurer grounds to deny or rescind according to the contract and law
C. It automatically creates a policy loan
D. It changes the beneficiary to the insurer

127. Use the following insurance scenario to select the correct principle: What does a conditional receipt generally address?

A. When temporary coverage may begin if stated conditions are met
B. When policy dividends are guaranteed
C. When a beneficiary may be changed
D. When cash value must be surrendered

128. In a coverage discussion, which conclusion is correct? What is the main function of a life insurance replacement notice?

A. To guarantee lower premiums
B. To waive underwriting
C. To alert the applicant to possible disadvantages of replacing existing coverage
D. To assign the policy to the producer

129. During a client policy review, consider this question: Which person has the authority to transfer ownership rights in a life policy?

A. The contingent beneficiary
B. The insured’s physician
C. The premium payor only
D. The policyowner

130. A Virginia licensing candidate should identify the best answer to this issue: What is an absolute assignment of a life policy?

A. A temporary change of beneficiary
B. A premium mode change
C. A transfer of all ownership rights to another party
D. A request for a policy loan

131. Use the following insurance scenario to select the correct principle: Which life policy type places investment risk primarily on the policyowner through separate-account investment choices?

A. Variable life insurance
B. Whole life insurance
C. Traditional term insurance
D. Credit life insurance

132. In a coverage discussion, which conclusion is correct? What is the defining flexibility of universal life insurance?

A. Guaranteed fixed dividends
B. Adjustable premiums and death-benefit features within policy limits
C. No cost-of-insurance charges
D. No need for premium payments

133. During a client policy review, consider this question: What does a life insurance illustration primarily show?

A. A guarantee that non-guaranteed values will occur
B. A substitute for the policy contract
C. A projection of how a policy may perform under stated assumptions
D. A claim settlement agreement

134. A Virginia licensing candidate should identify the best answer to this issue: What does the entire-contract provision generally include?

A. All advertisements ever used by the insurer
B. Only the producer's notes
C. Only the beneficiary designation
D. The policy and attached application or endorsements

135. Use the following insurance scenario to select the correct principle: Which provision prevents a beneficiary from assigning or anticipating policy proceeds before payment?

A. Incontestability provision
B. Spendthrift provision
C. Insuring clause
D. Suicide provision

136. In a coverage discussion, which conclusion is correct? What is the purpose of a suicide provision in life insurance?

A. To limit payment during an early policy period as stated in the contract
B. To exclude every accidental death permanently
C. To require a beneficiary change
D. To waive the first premium

137. During a client policy review, consider this question: How are life insurance death proceeds generally treated for federal income-tax purposes when paid as a lump sum to a beneficiary?

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

138. A Virginia licensing candidate should identify the best answer to this issue: Which party normally has the first claim to proceeds under a collateral assignment?

A. The contingent beneficiary, for the full amount
B. The producer, for unpaid commission
C. The lender, to the extent of the debt
D. The employer, for all proceeds

139. Use the following insurance scenario to select the correct principle: What is a viatical settlement?

A. A transaction in which a policyowner sells a life policy to a third party for value
B. A policy loan taken after death
C. A group conversion election
D. A premium payment method

140. In a coverage discussion, which conclusion is correct? What is an annuity designed primarily to address?

A. The risk of premature death only
B. The risk of automobile loss
C. The risk of property damage
D. The risk of outliving income or savings

Practice Exam 11: Answer Key and Explanations

1. C — The correct choice is Any-occupation definition. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts. Read the full contract wording carefully.

2. A — The correct choice is A partial loss of income after return to work. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

3. B — The correct choice is Suspends required premiums during a qualifying disability. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

4. D — The correct choice is To help pay covered healthcare costs. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

5. C — The correct choice is The amount the insured pays before the plan begins sharing covered costs. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

6. D — The correct choice is A stated dollar amount paid by the insured for a covered service. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

7. B — The correct choice is A percentage share of covered expenses paid by the insured after the deductible. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

8. A — The correct choice is The insured's covered cost sharing during the plan period. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

9. B — The correct choice is Health maintenance organization. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts. Read the full contract wording carefully.

10. C — The correct choice is Preferred provider organization. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts. Read the full contract wording carefully.

11. A — The correct choice is The plan reviews a proposed service before coverage is confirmed under its rules. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

12. D — The correct choice is To evaluate whether proposed care is medically necessary and appropriate. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

13. A — The correct choice is Notice-of-claim provision. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts. Read the full contract wording carefully.

14. B — The correct choice is Information supporting the claim as required by the policy. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

15. C — The correct choice is To let the buyer review and return the policy under stated conditions. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

16. D — The correct choice is The insurer must renew coverage subject to policy terms but may change premiums by class. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

17. C — The correct choice is The insurer cannot cancel coverage or raise the individual premium while premiums are paid. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

18. D — The correct choice is Conditions that existed before coverage began, subject to applicable rules. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

19. A — The correct choice is Long-term care insurance. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts. Read the full contract wording carefully.

20. B — The correct choice is To help determine functional eligibility for benefits. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

21. A — The correct choice is Hospital insurance benefits. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts. Read the full contract wording carefully.

22. C — The correct choice is Medical insurance such as physician and outpatient services. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

23. D — The correct choice is Medicare Advantage. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts. Read the full contract wording carefully.

24. B — The correct choice is Prescription drug coverage. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts. Read the full contract wording carefully.

25. B — The correct choice is To help cover certain gaps in Original Medicare cost sharing. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

26. C — The correct choice is A joint federal-state program providing medical assistance to eligible people. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

27. D — The correct choice is A temporary opportunity to continue group health coverage after qualifying events. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

28. A — The correct choice is Work-related injuries and illnesses under applicable law. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

29. C — The correct choice is To pay qualified medical expenses using tax-advantaged funds under applicable rules. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

30. A — The correct choice is Hospital indemnity insurance. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts. Read the full contract wording carefully.

31. B — The correct choice is Benefits for a named illness or condition as defined in the policy. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

32. D — The correct choice is Eligible preventive and restorative dental services. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

33. C — The correct choice is Eligible eye examinations, lenses, frames, or related vision care. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

34. D — The correct choice is Losses resulting from covered accidental injuries. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

35. B — The correct choice is Prevent duplicate recovery when more than one health plan may cover a claim. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

36. A — The correct choice is The insurer's right to recover from a responsible third party after paying a covered claim. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

37. D — The correct choice is A rider that excludes or limits coverage for a specified condition. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

38. C — The correct choice is A period during which losses from sickness may not be covered. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

39. A — The correct choice is When a later disability is treated as a continuation of an earlier one. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

40. B — The correct choice is To fund a business owner's interest purchase if disability occurs. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

41. D — The correct choice is Covered business operating expenses while the insured owner is disabled. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

42. B — The correct choice is A business against financial impact from a key employee’s disability. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

43. A — The correct choice is The insurer’s basic promise to provide coverage in exchange for consideration. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

44. C — The correct choice is The premium and application statements that support the contract. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

45. D — The correct choice is Identifies a loss, service, or circumstance the policy does not cover. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

46. C — The correct choice is Services not meeting the plan’s coverage standards for established treatment. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

47. B — The correct choice is It helps identify providers available under the plan’s network rules. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

48. A — The correct choice is The State Corporation Commission Bureau of Insurance. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

49. B — The correct choice is Hold and remit premiums properly rather than treating them as personal funds. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

50. A — The correct choice is They prohibit deceptive, coercive, and unfair conduct in insurance transactions. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

51. D — The correct choice is Offering an unapproved inducement to buy insurance. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

52. C — The correct choice is It uses misleading comparisons to induce policy replacement or lapse. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

53. B — The correct choice is Making a false or misleading statement about a policy or insurer. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

54. C — The correct choice is Making a false statement that harms an insurer or person’s reputation. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

55. A — The correct choice is Failing to handle a claim fairly and promptly under applicable standards. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

56. D — The correct choice is To help ensure people who sell, solicit, or negotiate insurance meet legal requirements. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

57. C — The correct choice is A producer may bind or represent an insurer only as authorized. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

58. A — The correct choice is To maintain current competence and meet renewal requirements. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

59. D — The correct choice is Consumers need reliable information to make informed insurance decisions. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

60. B — The correct choice is Obtain a complete response before submitting the application. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

61. D — The correct choice is They may be fiduciary funds subject to legal and contractual duties. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

62. B — The correct choice is The new policy may have disadvantages such as new costs or loss of favorable features. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

63. C — The correct choice is Explain that non-guaranteed values are projections, not promises. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

64. A — The correct choice is Such statements can mislead consumers and constitute prohibited conduct. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

65. C — The correct choice is Recommending a product based on the consumer’s needs and circumstances. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

66. A — The correct choice is They support compliance, consumer service, and later verification. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

67. D — The correct choice is Changes can affect underwriting and the accuracy of issued coverage. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

68. B — The correct choice is To communicate policy information truthfully without misleading consumers. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

69. A — The correct choice is Personal and health information should be handled and disclosed only as permitted. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

70. C — The correct choice is Provide an accurate explanation and avoid minimizing the exclusion. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

71. B — The correct choice is Signatures help confirm consent and support the application record. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

72. D — The correct choice is To examine possible violations of insurance laws and regulations. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

73. B — The correct choice is For conduct such as violations of insurance law, dishonesty, or improper practices. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

74. D — The correct choice is Address it promptly, document it, and follow insurer and regulatory procedures. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

75. C — The correct choice is Selective or misleading comparisons can misrepresent coverage and induce improper replacement. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

76. A — The correct choice is Attempting to sell insurance or asking someone to apply for coverage. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

77. D — The correct choice is Conferring directly with a prospective purchaser about terms or benefits to sell coverage. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

78. A — The correct choice is Exchanging insurance for consideration through a completed transaction. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

79. C — The correct choice is It is subject to ongoing compliance with insurance laws and regulatory standards. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

80. B — The correct choice is Check applicable law, insurer guidance, and supervisory resources before acting. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

81. C — The correct choice is Unauthorized alteration can create inaccurate records and compliance problems. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

82. B — The correct choice is Report and correct it through the insurer's authorized process. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

83. D — The correct choice is It helps establish the transaction record and support proper handling of funds. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

84. A — The correct choice is To promote compliance and fair treatment of consumers. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

85. B — The correct choice is Those issues may require qualified professional advice and specialized analysis. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

86. A — The correct choice is Evaluate the client's needs and the consequences of giving up existing benefits. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

87. D — The correct choice is They describe the contract terms, benefits, conditions, and limitations. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

88. C — The correct choice is To evaluate eligibility and risk while protecting the information as required. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

89. A — The correct choice is Consumers should understand which values are contractual and which may change. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

90. B — The correct choice is Provide required disclosures and explain both advantages and disadvantages. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

91. C — The correct choice is It administers Virginia insurance regulation under the State Corporation Commission. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

92. D — The correct choice is Transmit the correction to the insurer so underwriting can consider it. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

93. D — The correct choice is Overstatement can mislead the consumer and conflict with insurance rules. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

94. A — The correct choice is Honest, fair dealing and accurate communication within the producer's role. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

95. B — The correct choice is Provide it at the required time and retain evidence when appropriate. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

96. C — The correct choice is Delay can affect coverage, underwriting, and proper fiduciary handling. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

97. B — The correct choice is To help the client understand the issued coverage, provisions, and next steps. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

98. A — The correct choice is A death benefit paid to the named beneficiary. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

99. C — The correct choice is Level term life insurance. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts. Read the full contract wording carefully.

100. D — The correct choice is Whole life insurance. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts. Read the full contract wording carefully.

101. B — The correct choice is The owner controls contract rights; the insured is the life covered. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

102. D — The correct choice is The policyowner with a revocable beneficiary designation. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

103. C — The correct choice is To prevent wagering on another person’s death. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

104. A — The correct choice is Revocable beneficiary. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts. Read the full contract wording carefully.

105. A — The correct choice is They are paid according to the policy and applicable succession rules. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

106. B — The correct choice is Fixed-period option. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts. Read the full contract wording carefully.

107. D — The correct choice is Coverage, subject to the policy's grace-period conditions. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

108. C — The correct choice is The insurer's ability to void coverage for application misstatements. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

109. C — The correct choice is Misstatement-of-age provision. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts. Read the full contract wording carefully.

110. A — The correct choice is Reduced paid-up insurance. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts. Read the full contract wording carefully.

111. D — The correct choice is Extended term insurance. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts. Read the full contract wording carefully.

112. B — The correct choice is To use available cash value to pay an overdue premium. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

113. C — The correct choice is Paid-up additions. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts. Read the full contract wording carefully.

114. A — The correct choice is A loan against the available cash value of a permanent policy. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

115. D — The correct choice is Waiver of premium rider. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts. Read the full contract wording carefully.

116. C — The correct choice is Buy stated additional coverage without new evidence of insurability. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

117. B — The correct choice is Accidental death benefit rider. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts. Read the full contract wording carefully.

118. B — The correct choice is Exchange term coverage for permanent coverage without new evidence of insurability. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

119. A — The correct choice is Decreasing term insurance. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts. Read the full contract wording carefully.

120. D — The correct choice is Decreasing term insurance. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts. Read the full contract wording carefully.

121. A — The correct choice is The policyholder or sponsoring employer. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts. Read the full contract wording carefully.

122. C — The correct choice is Certificate of insurance. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts. Read the full contract wording carefully.

123. D — The correct choice is The right to obtain individual coverage without evidence of insurability when timely exercised. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

124. B — The correct choice is To help the insurer evaluate risk and decide on issuance and premium. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

125. D — The correct choice is A statement believed true to the best of the applicant's knowledge. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

126. B — The correct choice is It may give the insurer grounds to deny or rescind according to the contract and law. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

127. A — The correct choice is When temporary coverage may begin if stated conditions are met. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

128. C — The correct choice is To alert the applicant to possible disadvantages of replacing existing coverage. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

129. D — The correct choice is The policyowner. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts. Read the full contract wording carefully.

130. C — The correct choice is A transfer of all ownership rights to another party. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

131. A — The correct choice is Variable life insurance. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts. Read the full contract wording carefully.

132. B — The correct choice is Adjustable premiums and death-benefit features within policy limits. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

133. C — The correct choice is A projection of how a policy may perform under stated assumptions. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

134. D — The correct choice is The policy and attached application or endorsements. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

135. B — The correct choice is Spendthrift provision. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts. Read the full contract wording carefully.

136. A — The correct choice is To limit payment during an early policy period as stated in the contract. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

137. B — The correct choice is Generally received income-tax free. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts. Read the full contract wording carefully.

138. C — The correct choice is The lender, to the extent of the debt. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

139. A — The correct choice is A transaction in which a policyowner sells a life policy to a third party for value. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.

140. D — The correct choice is The risk of outliving income or savings. It matches the policy purpose, legal duty, or feature described in the stem. Other options describe insurance functions, use an incorrect term, or promise an outcome the contract does not provide. Apply the definition, conditions, and exclusions to the facts.