VIRGINIA LIFE, ANNUITIES AND HEALTH INSURANCE - PRACTICE EXAM 12 (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: 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

2. 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

3. 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. Offering an unapproved inducement to buy insurance

D. Giving a required disclosure

4. 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 creates a group certificate
D. It uses misleading comparisons to induce policy replacement or lapse

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

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

6. 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. Submitting a completed application
D. Making a false statement that harms an insurer or person's reputation

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

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

D. Explaining policy provisions accurately

8. 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 help ensure people who sell, solicit, or negotiate insurance meet legal requirements
C. To eliminate insurer underwriting
D. To set medical provider fees

9. 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. A producer may bind or represent an insurer only as authorized
C. An insured sets the producer's authority
D. A beneficiary appoints every producer

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

11. 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. Consumers need reliable information to make informed insurance decisions
D. Disclosure transfers ownership to the producer

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

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

13. 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

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

15. 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. Explain that non-guaranteed values are projections, not promises
C. Treat the illustration as the entire contract
D. Ignore guaranteed values entirely

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

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

17. 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

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

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

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

20. 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 waive policy exclusions
C. To set a beneficiary designation
D. To communicate policy information truthfully without misleading consumers

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

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

22. 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. Provide an accurate explanation and avoid minimizing the exclusion
C. Change the policy without authority
D. Refer the consumer only to a beneficiary

23. 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. They replace underwriting
C. Signatures help confirm consent and support the application record
D. They waive all policy conditions

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

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

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

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

26. 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. Address it promptly, document it, and follow insurer and regulatory procedures
C. Promise coverage not in the contract
D. Delete all related records

27. 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

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

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

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

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

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

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

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

32. 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. Offer an unapproved inducement
C. Avoid documenting the transaction
D. Check applicable law, insurer guidance, and supervisory resources before acting

33. 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. Unauthorized alteration can create inaccurate records and compliance problems
C. It guarantees a lower premium
D. It is required after every signature

34. 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. Tell the client the policy controls regardless of error
C. Report and correct it through the insurer's authorized process
D. Discard the policy and application

35. 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

36. 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

37. 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. It automatically cancels a sale
C. Those issues may require qualified professional advice and specialized analysis
D. It removes a client’s right to decide

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

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

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

40. 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 change a beneficiary designation
D. To evaluate eligibility and risk while protecting the information as required

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

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

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

43. 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 is a local insurer
D. It administers Virginia insurance regulation under the State Corporation Commission

44. 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. Transmit the correction to the insurer so underwriting can consider it
D. Ignore it if a premium was paid

45. 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

46. 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

47. 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

48. 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

49. 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

50. 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

51. 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

52. 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

53. 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 must also be the beneficiary
C. The beneficiary must own the policy
D. The owner controls contract rights; the insured is the life covered

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

55. 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 prevent wagering on another person’s death
C. To eliminate the need for underwriting
D. To make premiums tax deductible

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

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

57. 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

58. 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

59. 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

60. 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

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

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

63. 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. Extended term insurance
D. Policy loan option

64. 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 waive every future premium
C. To convert term coverage into an annuity
D. To use available cash value to pay an overdue premium

65. 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

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

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

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

68. 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. Buy stated additional coverage without new evidence of insurability
C. Name unlimited beneficiaries
D. Skip all premiums after retirement

69. 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. Payor benefit rider
C. Accidental death benefit rider
D. Return-of-premium rider

70. 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

71. 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

72. 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

73. 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

74. 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. Certificate of insurance
C. Binder receipt
D. Policy illustration

75. 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 obtain individual coverage without evidence of insurability when timely exercised
D. The right to require lower individual premiums

76. 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 transfer ownership to a beneficiary
C. To replace the policy contract
D. To help the insurer evaluate risk and decide on issuance and premium

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

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

78. 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 automatically creates a policy loan
C. It changes the beneficiary to the insurer
D. It may give the insurer grounds to deny or rescind according to the contract and law

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

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

80. 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

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

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

82. 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

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

84. 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

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

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

86. 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. The policy and attached application or endorsements
C. Only the producer’s notes
D. Only the beneficiary designation

87. 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. Insuring clause
C. Spendthrift provision
D. Suicide provision

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

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

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

90. 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 lender, to the extent of the debt
C. The producer, for unpaid commission
D. The employer, for all proceeds

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

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

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

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

93. During a client policy review, consider this question: During an annuity accumulation period, what usually occurs?

A. Death benefits are paid monthly
B. The annuitant must surrender the contract
C. The insurer stops crediting interest
D. Premiums are paid and values grow before income payments begin

94. A Virginia licensing candidate should identify the best answer to this issue: What does annuitization do?

A. Converts life insurance into disability coverage
B. Converts accumulated annuity value into an income stream
C. Eliminates the annuitant designation
D. Makes all payments tax free

95. Use the following insurance scenario to select the correct principle: Which annuity payout option guarantees income for the annuitant's lifetime but generally ends at death if no refund feature applies?

A. Fixed-period option
B. Joint-and-survivor option
C. Interest-only option
D. Straight life income option

96. In a coverage discussion, which conclusion is correct? What distinguishes a joint-and-survivor annuity option?

A. It pays only after both annuitants die
B. It has no named annuitant
C. Income continues while either designated annuitant is alive
D. It requires a lump-sum payment

97. During a client policy review, consider this question: What is the key distinction between a fixed annuity and a variable annuity?

A. A variable annuity has no charges
B. A fixed annuity has no beneficiary
C. A fixed annuity provides stated guarantees, while variable values depend on investment performance
D. A variable annuity cannot make income payments

98. A Virginia licensing candidate should identify the best answer to this issue: What does the annuitant's age influence most directly in an immediate annuity?

A. The owner's ability to name a beneficiary
B. The amount of periodic income that the annuity can provide
C. The producer's licensing requirement
D. The existence of a free-look period

99. Use the following insurance scenario to select the correct principle: Why is an annuity's surrender charge important to a buyer?

A. It can reduce the amount received if value is withdrawn early
B. It increases the death benefit automatically
C. It guarantees a higher investment return
D. It replaces the premium obligation

100. In a coverage discussion, which conclusion is correct? What is the core purpose of disability income insurance?

A. To pay funeral expenses after death
B. To insure a building against fire
C. To provide dental-only benefits
D. To replace a portion of income when a covered disability prevents work

101. During a client policy review, consider this question: In disability income insurance, what is an elimination period?

A. The period after a claim is denied
B. The time allowed to change beneficiaries
C. The waiting period before benefits become payable
D. The period premiums are waived automatically

102. A Virginia licensing candidate should identify the best answer to this issue: What does a longer disability benefit period generally mean?

A. The waiting period is always shorter
B. The premium is never affected
C. The policy becomes life insurance
D. Benefits can continue for a longer covered disability

103. Use the following insurance scenario to select the correct principle: Which definition of disability is generally more restrictive after an insured can work in another suitable occupation?

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

104. In a coverage discussion, which conclusion is correct? What is residual disability coverage intended to address?

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

105. During a client policy review, consider this question: What does a waiver-of-premium provision in disability coverage typically do?

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

106. A Virginia licensing candidate should identify the best answer to this issue: What is the central purpose of medical expense insurance?

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

107. Use the following insurance scenario to select the correct principle: What is a deductible in health insurance?

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

108. In a coverage discussion, which conclusion is correct? What is a copayment?

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

109. During a client policy review, consider this question: What is coinsurance in a medical plan?

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

110. A Virginia licensing candidate should identify the best answer to this issue: What is an out-of-pocket maximum designed to limit?

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

111. Use the following insurance scenario to select the correct principle: Which managed-care arrangement usually requires members to use a network and select or coordinate through a primary care provider?

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

112. In a coverage discussion, which conclusion is correct? Which managed-care arrangement commonly provides more flexibility for out-of-network care, usually at a higher cost?

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

113. During a client policy review, consider this question: What does preauthorization generally mean in managed care?

A. The provider waives every charge
B. The insured avoids all cost sharing
C. The insurer guarantees payment regardless of necessity
D. The plan reviews a proposed service before coverage is confirmed under its rules

114. A Virginia licensing candidate should identify the best answer to this issue: What is a common purpose of utilization review?

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

115. Use the following insurance scenario to select the correct principle: Which policy provision requires the insured to give timely notice of a claim?

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

116. In a coverage discussion, which conclusion is correct? 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

117. During a client policy review, consider this question: What is the purpose of a free-look period in an individual health policy?

A. To let the buyer review and return the policy under stated conditions
B. To eliminate all future premiums
C. To guarantee a claim approval
D. To create a cash value account

118. A Virginia licensing candidate should identify the best answer to this issue: 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. The insurer must renew coverage subject to policy terms but may change premiums by class

D. Benefits are guaranteed to increase annually

119. Use the following insurance scenario to select the correct principle: What does noncancelable mean in a health policy?

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

120. In a coverage discussion, which conclusion is correct? What is a preexisting-condition limitation intended to address?

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

121. During a client policy review, consider this question: Which coverage is designed to help pay for extended care services when a person needs assistance with activities of daily living or supervision?

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

122. A Virginia licensing candidate should identify the best answer to this issue: What are activities of daily living used for in long-term care insurance?

A. To set a life policy face amount
B. To choose an annuity beneficiary

C. To calculate a group conversion premium
D. To help determine functional eligibility for benefits

123. Use the following insurance scenario to select the correct principle: What is Medicare Part A primarily associated with?

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

124. In a coverage discussion, which conclusion is correct? What is Medicare Part B primarily associated with?

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

125. During a client policy review, consider this question: What is Medicare Part C commonly called?

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

126. A Virginia licensing candidate should identify the best answer to this issue: What is Medicare Part D designed primarily to provide?

A. Hospital cash indemnity
B. Long-term care only

C. Life insurance conversion
D. Prescription drug coverage

127. Use the following insurance scenario to select the correct principle: 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

128. In a coverage discussion, which conclusion is correct? 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

129. During a client policy review, consider this question: 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

130. A Virginia licensing candidate should identify the best answer to this issue: What is workers compensation intended to address?

A. Only personal auto losses
B. Work-related injuries and illnesses under applicable law

C. Only losses after retirement
D. Only life insurance claims

131. Use the following insurance scenario to select the correct principle: 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

132. In a coverage discussion, which conclusion is correct? 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

133. During a client policy review, consider this question: What is specified-disease insurance designed to provide?

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

134. A Virginia licensing candidate should identify the best answer to this issue: What is dental insurance primarily designed to cover?

A. Only hospitalization expenses

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

135. Use the following insurance scenario to select the correct principle: What is vision insurance primarily designed to help cover?

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

136. In a coverage discussion, which conclusion is correct? What is an accident-only policy designed to cover?

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

137. During a client policy review, consider this question: 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

138. A Virginia licensing candidate should identify the best answer to this issue: What is subrogation in health insurance?

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

139. Use the following insurance scenario to select the correct principle: 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

140. In a coverage discussion, which conclusion is correct? What does a probationary period in a health policy usually address?

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

Practice Exam 12: Answer Key and Explanations

1. 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.

2. 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.

3. C — 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.

4. D — 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.

5. A — 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.

6. D — 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.

7. C — 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.

8. B — 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.

9. B — 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.

10. D — 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.

11. C — 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.

12. A — 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.

13. 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.

14. A — 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.

15. B — 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.

16. C — 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.

17. 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.

18. B — 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.

19. A — 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.

20. D — 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.

21. D — 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.

22. B — 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.

23. C — 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.

24. A — 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.

25. A — 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.

26. B — 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.

27. 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.

28. D — 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.

29. B — 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.

30. C — 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.

31. A — 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.

32. D — 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.

33. B — 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.

34. C — 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.

35. 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.

36. 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.

37. C — 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.

38. B — 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.

39. A — 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.

40. D — 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.

41. B — 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.

42. A — 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.

43. D — 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.

44. C — 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.

45. 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.

46. 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.

47. 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.

48. 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.

49. 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.

50. 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.

51. 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.

52. 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.

53. D — 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.

54. A — 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.

55. B — 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.

56. C — 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.

57. 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.

58. 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.

59. 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.

60. 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.

61. A — 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.

62. B — 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.

63. C — 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.

64. D — 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.

65. 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.

66. D — 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.

67. A — 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.

68. B — 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.

69. C — 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.

70. 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.

71. 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.

72. 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.

73. 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.

74. B — 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.

75. C — 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.

76. D — 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.

77. A — 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.

78. D — 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.

79. B — 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.

80. 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.

81. A — 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.

82. 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.

83. D — 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.

84. 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.

85. A — 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.

86. B — 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.

87. C — 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.

88. D — 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.

89. A — 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.

90. B — 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.

91. C — 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.

92. A — 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.

93. D — The correct choice is Premiums are paid and values grow before income payments begin. 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. B — The correct choice is Converts accumulated annuity value into an income stream. 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. D — The correct choice is Straight life income 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.

96. C — The correct choice is Income continues while either designated annuitant is alive. 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. C — The correct choice is A fixed annuity provides stated guarantees, while variable values depend on investment performance. 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. B — The correct choice is The amount of periodic income that the annuity can provide. 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. A — The correct choice is It can reduce the amount received if value is withdrawn early. 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.

100. D — The correct choice is To replace a portion of income when a covered disability prevents 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.

101. C — The correct choice is The waiting period before benefits become payable. 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 Benefits can continue for a longer covered 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.

103. A — 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.

104. B — 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.

105. A — 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.

106. B — 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.

107. D — 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.

108. C — 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.

109. C — 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.

110. D — 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.

111. A — 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.

112. B — 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.

113. D — 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.

114. A — 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.

115. C — 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.

116. 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.

117. A — 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.

118. C — 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.

119. D — 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.

120. B — 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.

121. B — 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.

122. D — 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.

123. C — 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.

124. A — 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.

125. A — 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.

126. D — 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.

127. 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.

128. 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.

129. 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.

130. B — 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.

131. 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.

132. 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.

133. D — 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.

134. B — 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.

135. A — 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.

136. C — 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.

137. 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.

138. C — 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.

139. 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.

140. A — 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.