

Question 1

Which of the following reimburses its insureds for covered medical expenses?

Health maintenance organizations

Preferred provider organizations

Commercial insurers

Service providers

Question 2

The provision in a Group Health policy that allows the insurer to postpone coverage for a covered illness 30 days after the policy's effective date is referred to as the

Grace Period

Waiting Period

Postponement Period

Elimination Period

Question 3

Which of the following statements is NOT CORRECT about the Commissioner of Insurance?

The Commissioner must be elected in a general election

The Commissioner is authorized to conduct the activities of the Texas Department of Insurance (TDI)

The Commissioner may be a former employee of the Texas Department of Insurance (TDI)

The Commissioner must serve as chief executive and administrator officer of the Texas Department of Insurance

Question 4

The automatic premium loan provision is designed to

provide a source of revenue to the insurance company

avoid a policy lapse

allow a policyowner to request a policy loan

allow a policyowner to take out additional coverage without evidence of insurability

Question 5

T and S are named co-primary beneficiaries on a \$500,000 Accidental Death and Dismemberment policy insuring their father. Their mother was named contingent beneficiary. Five years later, S dies of natural causes and the father is killed in a scuba accident shortly afterwards. How much of the death benefit will the mother receive?

\$1,000,000

\$500,000

\$250,000

\$0

Question 6

According to the Time Payment of Claims provision, the insurer must pay Disability Income benefits no less frequently than which of the following options?

Annually

Semiannually

Quarterly

Monthly

Question 7

In Texas, a domestic insurance company is defined as a company that

employs Texas residents agents only

maintains a full service branch office in Texas

is incorporated and formed in Texas

is licensed to issue Homeowners policies only

Question 8

A life insurance illustration is NOT required to include the
name of the insurer
underwriting or rating classification upon which the illustration is based
initial death benefit
company's mortality table

Question 9

A Health Maintenance Organization (HMO) may issue an Evidence of Coverage form after it has been approved by the

- State Board of Health
- HMO's Board of Directors
- Commissioner of Insurance
- State HMO Association

141 of 150 Questions Remaining

Correct. A Health Maintenance Organization (HMO) may issue an Evidence of Coverage form after it has been approved by the Commissioner of Insurance.

Question 10

E and F are business partners. Each takes out a \$500,000 life insurance policy on the other, naming himself as primary beneficiary. E and F eventually terminate their business, and four months later E dies. Although E was married with three children at the time of death, the primary beneficiary is still F. However, an insurable interest no longer exists. Where will the proceeds from E's life insurance policy be directed to?

- F
- The dissolved partnership
- E's family
- E's estate

140 of 150 Questions Remaining

The correct answer is "F". In this situation, the proceeds from E's life insurance policy will go to F. Insurable interest only needs to exist at the time of application.

Question 11

Which Long Term Care insurance statement is true?

Inflation protection is usually not offered

Benefits are usually payable for alcohol rehabilitation

Can only be offered to individuals under the age of 70

Pre-existing conditions must be covered after the coverage has been in force for six months

Question 12

If an individual has an Accidental Death and Dismemberment policy and dies, an autopsy can be performed in all these situations EXCEPT

When the cause of death is unknown

When the state prohibits this by law

When consent for the autopsy is not obtained

When foul play was a contributing factor

Question 13

A comprehensive major medical health insurance policy contains an Eligible Expenses provision which identifies the types of health care services that are covered. All of the following health care services are typically covered EXCEPT for

hospital charges

physician fees

experimental and investigative services

nursing services

Question 14

After the initial enrollment period, an HMO must hold an open enrollment period of how many days at LEAST once in every 12-month period?

15

31

45

90

Question 15

F needs life insurance that provides coverage for only a limited amount of time with a death benefit that changes regularly according to a schedule. What kind of policy is needed?

Level term policy

Whole life policy

Limited-pay policy

Decreasing term policy

Question 16

J would like to maintain the right to change beneficiaries. Which beneficiary designation should be used?

Irrevocable

Contingent

Primary

Revocable

Question 17

What is the underlying concept regarding level premiums?

Level premiums build cash value quicker in the early years

The early years are charged more than what is needed

The early years are charged less than what is needed

Level premiums can only be paid annually

Question 18

If an insured sustains a loss on a policy sold by an agent through an insurance company that is not authorized to do business in Texas, which of the following would be liable?

The agent only

The company only

The agent and the company

The Life, Accident, Health and Hospital Insurance Guaranty Association

Question 19

A Disability Income policyowner suffers a disability which was due to the same cause as a previous disability. Both disabilities occurred within a five-month period. The insurer may cover the second disability without a new elimination period under the

Residual Disability provision

Presumptive Disability provision

Recurrent Disability provision

Partial Disability provision

Question 20

Which of the following is the reimbursement of benefits for the treatment of a beneficiary's injuries caused by a third party?

Indemnity

Subrogation

Legal action

Consideration

Question 21

An organization that solicits insurance only among its members is known as a

specific order

specialized company

limited insurance company

fraternal benefit society

Question 22

Insurance policies offered on a "take it or leave it" basis are considered what?

Conditional Contracts

Aleatory Contracts

Unilateral Contracts

Contracts of Adhesion

Question 23

With Accidental Death and Dismemberment policies, what is the purpose of the Grace Period?

Gives the policyowner additional time to pay past due premiums

Gives the policyowner additional time to file a lawsuit

Gives the policyowner additional time to file a claim

Gives the policyowner additional time to provide proof of loss

Question 24

Group life policies MUST include all of the following provisions EXCEPT

Ownership

Beneficiary Designation

Conversion Privilege

Right to Loans

Question 25

A Disability Income policyowner recently submitted a claim for a chronic neck problem that has now resulted in total disability. The original neck injury occurred before the application was taken 5 years prior. The neck injury was never disclosed to the insurer at the time of application. How will the insurer handle this claim?

Claim will be paid and coverage will remain in force

Claim will be denied and coverage will remain in force

Claim will be denied and coverage will be cancelled

Claim will be denied, the coverage cancelled, and all premiums paid will be refunded

Question 26

Which statement regarding the Change of Beneficiary provision is true?

The beneficiary can only be changed with the consent of the insurer

The policyowner can change the beneficiary

The insured can change the beneficiary

A beneficiary change is subject to underwriting procedures

Question 27

A Hospital/Surgical Expense policy was purchased for a family of four in March of 2013. The policy was issued with a \$500 deductible and a limit of four deductibles per calendar year. Two claims were paid in September 2013, each incurring medical expenses in excess of the deductible. Two additional claims were filed in 2014, each in excess of the deductible amount as well. What would be this family's out-of-pocket medical expenses for 2013?

\$500

\$1,000

\$1,500

\$2,000

Question 28

Which of these is NOT a characteristic of a Health Reimbursement Arrangement (HRA)?

Employee funds the HRA entirely

Employer funds the HRA entirely

HRA's can be offered with other health plans

HRA's allow reimbursement for eligible medical expenses

Question 29

Which plan is intended to be used by a sole proprietor and the employees of that business?

SEP Plan

Keogh Plan

Individual Retirement Account (IRA)

SIMPLE Plan

Question 30

Upon delivery of a rated life insurance policy, the Producer must obtain each of the following EXCEPT

Signed HIPAA disclosure

Signed amendment

Signed statement of Good Health

The required premium

Question 31

What is the purpose of the U.S.A. Patriot Act?

detect and deter fraud

detect and deter alien insurance companies

detect and deter terrorism

detect and deter misrepresentations

Question 32

All of these are considered sources of underwriting information about an applicant EXCEPT

Inspection Report

Credit Report

Rating Services

Medical Information Bureau

Question 33

A newly licensed General Lines agent must complete a MINIMUM of how many hours of continuing education within 24 months after initial license?

10

15

20

24

117 of 150 Questions Remaining

Correct. A newly licensed General Lines agent must complete a MINIMUM of 24 hours of continuing education within 24 months after initial licensure.

Question 34

M completes an application for life insurance but does not pay the initial premium. All of these actions must occur before M's policy goes into effect EXCEPT

policy is delivered

free-look period has expired

insurance company issues policy

initial premium is collected

Question 35

All of these statements about Equity Indexed Life Insurance are correct EXCEPT

Cash value has a minimum rate of accumulation

If the gain on the index goes beyond the policy's minimum rate of return, the cash value will mirror that of the index

The premiums can be lowered or raised, based on investment performance

Question 36

A 15-year mortgage is best protected by what kind of life policy?

Modified whole life

15-year level term

15-year decreasing term

Adjustable life

Question 37

A student pilot can pay regular premium costs for her life insurance policy with the addition of which of the following?

Guaranteed Insurability rider

Aviation exclusion

Impairment rider

Accidental Death Benefit rider

Question 38

Which type of contract liquidates an estate through recurrent payments?

Universal life insurance

Whole life insurance

Annuity

401(k)

Question 39

A foreign insurance company is one that is incorporated

under Texas law

under the laws of another state

is a territory of the United States

outside the United States

Question 40

The Common Disaster clause provides that if both the insured and the named beneficiary were to die in a common accident, which of the following is true?

This clause prevents the payment of proceeds to the insured's estate

This clause provides the payment of proceeds to the beneficiary's estate

The estate taxes in the insured's estate may be reduced

The estate taxes in the beneficiary's estate may be reduced

Question 40

The Common Disaster clause provides that if both the insured and the named beneficiary were to die in a common accident, which of the following is true?

This clause prevents the payment of proceeds to the insured's estate

This clause provides the payment of proceeds to the beneficiary's estate

The estate taxes in the insured's estate may be reduced

The estate taxes in the beneficiary's estate may be reduced

Question 42

All of these Settlement options involve the systematic liquidation of the death proceeds in the event of the insured's death EXCEPT

Fixed Period

Interest Only

Fixed Amount

Life Income

Question 43

Which of the following statements about a Guaranteed Renewable Health Insurance policy is CORRECT?

Premiums normally decrease at time of renewal

Premiums normally increase at time of renewal

Policy can be renewed at any time by the company

Policy can be cancelled at any time by the company

Question 44

T files a claim on his Accident and Health policy after being treated for an illness. The insurance company believes that T misrepresented his actual health on the initial insurance application and is, therefore, disputing the claim's validity. The provision that limits the period during which the company may dispute a claim's validity is called

Insuring

Time Limit on Certain Defenses

Grace Period

Free-look

Question 45

Which of the following statements BEST describes what the Legal Actions provision of an Accident and Health policy requires?

An insured must settle a claim within 60 days after Proof of Loss is submitted

An insured must wait at least 30 days after Proof of Loss has been submitted before a lawsuit can be filed

An insured must wait at least 60 days after Proof of Loss has been submitted before a lawsuit can be filed

An insured must settle a claim within 30 days after Proof of Loss is submitted

Question 46

An individual life insurance policy issued in Texas MUST have a grace period for premium payment of how many days?

20

25

30

31

Question 47

T was treated for an ailment 2 months prior to applying for a health insurance policy. This condition was noted on the application and the policy was issued shortly afterwards. How will the insurer likely consider this condition?

Insurer will require a higher deductible for any claims resulting from this condition

Insurer is required to initially cover this pre-existing condition

Insurer will permanently exclude the condition from the policy

Insurer will likely treat as a pre-existing condition which may not be covered for one year

Question 48

Variable annuities may invest premiums in each of the following EXCEPT

Common Stock

Money Market securities

Insurer's corporate business account

Junk bonds

Question 49

Which of the following features of a group Term Life policy enables an individual to leave the group and continue his or her insurance without providing evidence of insurability?

Owner's Rights clause

Incontestable Period

Insuring Agreement

Conversion privilege

Question 50

A creditor who requires a debtor to obtain insurance from a particular company or agent as a condition for a loan is guilty of

coercion

fraud

rebating

boycotting

Question 51

Which of these arrangements allows one to bypass insurable interest laws?

Concealment

Indemnity contract

Contract of adhesion

Investor-Originated Life Insurance

Question 52

An accident policy will most likely pay a benefit for a(n)

self-inflicted injury

critical illness

on-the-job accident

off-the-job accident

Question 53

Before holding a hearing regarding an agent's unfair or deceptive practice, the Insurance Commissioner MUST give how many days notice?

3

5

10

30

Question 54

The individual most likely to buy a Medicare Supplement policy would be a(n)

unemployed 64-year old female

62-year old male covered by Medicaid

68-year old male covered by Medicare

uninsured 60-year old male

Question 55

What group term life feature permits an individual to depart from the group and continue to be covered without providing evidence of insurability?

Entire contract

Owner's rights

Nonforfeiture options

Conversion

Question 56

Which of the following actions by an insurance company is considered an unfair claims settlement practice?

Requiring an insured to give a statement under oath

Requiring the insured to submit a proof of loss statement before paying a claim

Requesting a third-party arbitrator to resolve a disagreement with a claimant

Denying an insured's claim without indicating the basis of denial under the policy

Question 57

Under the Texas insurance code, an insurance company must pay death benefits for suicide if the policy has been in force for a MINIMUM of

six months

one year

two years

three years

Question 58

Benefits for drug and alcohol treatment under a group health policy must include all of the following services EXCEPT

treatment in a certified facility

transportation to and from an outpatient facility

outpatient treatment through a public hospital or clinic
group therapy prescribed by a physician

Question 59

When determining the monthly benefit amount for a Disability Income policy, the factor that limits the amount a prospective insured may purchase is

- occupation
- income
- age
- medical condition

Question 60

All of the following may charge fees for insurance advice EXCEPT

- Legal reserve agents
- Financial planners
- Life and Health insurance counselors
- Managing general agents

Question 61

To be eligible for Social Security disability benefits, an employee must be unable to perform

- any occupation
- his/her current occupation
- any occupation that reflects the employee's education level
- any occupation that the employee is qualified and willing to do

Question 62

Under Texas insurance law, the term "transacting business" includes

- filing insurance rates

collecting premiums
obtaining insurance licenses
acting as a statistical reporting agent

Question 63

The Commissioner of insurance may suspend, revoke, or refuse to renew the license of an agent who
is convicted of a misdemeanor
is found guilty of misrepresentation or fraud in obtaining the license
files for bankruptcy
fails to write any business for six consecutive months

Question 64

Which of the following provisions specifies how long a policyowner's health coverage will remain in effect if the policyowner does not pay the premium when it is due?

Grace Period
Consideration
Waiver of Premium
Reinstatement

Question 65

Insurance company agent appointments remain in force for which of the following maximum periods of time, if any?

One year
Two years
Three years
Until terminated or withdrawn

Question 66

M's insurance company denied a reinstatement application for her lapsed health insurance policy. The company did not notify M of this denial. How many days from the reinstatement application date does

the insurance company have to notify M of the denial before the policy will be automatically placed back in force?

10 days

30 days

45 days

60 days

Question 67

The Consideration clause in a life insurance policy indicates that a policyowner's consideration consists of a completed application and

the initial premium

agreeing to a physical examination

delivery of policy

disclosure of any medical conditions

83 of 150 Questions Remaining

The correct answer is "the initial premium". The Consideration clause states that the policyowner's consideration consists of a completed application and the first initial premium.

Question 68

Health insurance benefits NOT covered due to an act of war are

excluded by the insurer in the contract provisions

assigned to a reinsurer

given a longer probationary period

charged a higher premium

82 of 150 Questions Remaining

The correct answer is "excluded by the insurer in the contract provisions". An exclusion is a provision that entirely eliminates coverage for a specified risk, such as an act of war or aviation.

Question 69

If a retiree on Medicare required five hospital stays in one year, which policy would provide the best insurance for excess hospital expenses?

Long-term care

Indemnity

Medicare Supplement

Medicaid

Question 70

What action should a producer take if the initial premium is NOT submitted with the application?

Keep the application until premium is paid

Forward the application to the insurer after giving the applicant a binding receipt

Forward the application to the insurer without the initial premium

Forward the application to the insurer after giving the applicant a conditional receipt

Question 71

A Long-Term Care policy must offer a MINIMUM benefit period of how many months?

12

18

24

30

Question 72

How are surrender charges deducted in a life policy with a rear-end loaded provision?

Deducted from the death benefit

Deducted when the policy is discontinued

Deducted from policy's cash value

Deducted when assigned to another policyowner

Question 73

Boycott, coercion, and intimidation that result in the unreasonable restraint of trade are prohibited under the Texas Insurance Code covering

rebating

false advertising

discrimination

unfair methods of competition

Question 74

The Misstatement of Age provision requires that if the age of the insured is misstated, then any amount payable is

forfeited

an amount that the premiums paid would have purchased at the current age or ages

an amount consists of the premiums paid for the policy if the policy was issued for over three years

reduced by a specified percentage of the face amount

Question 75

Which of these require an offer, acceptance, and consideration?

Warranty

Estoppel

Contract

Representation

Question 76

Pre-hospitalization authorization is considered an example of

managed care

PPO care

Medicaid

Major Medical insurance

Question 77

The difference between group insurance and blanket health policies is

Blanket health policies do not issue certificates

Group health policies do not issue certificates

Group health plans may be issued to an airline to cover its passengers

Blanket health policies are sometimes called wholesale plans

Question 78

Which of these is an element of a Variable Life policy?

A fixed, level premium

Insurer assumes the investment risk

No investment risk to the policyowner

Rate of returns are guaranteed

Question 79

Q applied for life insurance and submitted the initial premium on January 1. The policy was issued February 1, but it was not delivered by the agent until February 7. Q is dissatisfied and returns the policy February 13. How will the insurer handle this situation?

Premium will be fully refunded minus a surrender charge

Policy was not returned within the free-look period, premium will not be refunded

Policy was returned within the free-look period, premium will be fully refunded

Premium will be fully refunded minus a prorated amount for the period of February 7 - February 13

Question 80

What kind of life insurance product covers children under their parent's policy?

Family Maintenance rider

Term rider

Family Income rider

Payor benefit

Question 81

Under the Nonforfeiture Law, a cash surrender value payment may be deferred by the insurance company for NO LONGER than how many months?

1

3

6

12

Question 82

All of the following statements about health coverage for newborns are correct EXCEPT

coverage begins and benefits are payable from the moment of birth

coverage includes necessary care and treatment of congenital defects

coverage during the first year is limited to congenital defects

continued coverage after the first 31 days is dependent on notification

Question 83

Which of the following statements BEST describes dental care indemnity coverage?

Services are reimbursed before the insurer receives the invoice

Services are reimbursed after insurer receives the invoice

In-network dentists must always be used

Very limited list of providers

Question 84

What MUST an insurance company use in its advertising?

- Its trade name
- Its true corporate name
- Its service mark
- Its corporate logo

Question 85

An agent may legally share commissions only with

- an insured if the amount is less than \$15
- an insured, with prior approval from the Commissioner of Insurance
- another agent who has an appointment with a different insurance company
- another agent who is licensed in the same line of insurance

Question 86

Which of these circumstances is a Business Disability Buy-Sell policy designed to help in the sale of a business?

- Company becoming insolvent
- Death of the business owner
- Business owner becoming disabled
- Key employee becoming disabled

Question 87

If, at the time of an insured's death, the insurance company discovers that the insured's age was misstated on the application for life insurance, the company will most likely

- deny the claim for policy s on the basis of fraud
- collect the correct premiums and pay the claim

pay the policy s in the amount the premiums would have purchased at the insured's actual age
pay the policy s less a penalty not to exceed 12% of those s

Question 88

Which of the following statements about Health Reimbursement Arrangements (HRA) is CORRECT?

If the employee had a qualified medical leave from work, lost wages can be reimbursed

If the employee paid for qualified medical expenses, the reimbursements may be tax-free

Any unused amounts are added to employee's gross income

Health insurance premiums can be reimbursed to the employee

Question 89

All of these are considered to be a benefit under Social Security EXCEPT for

survivorship

unemployment

disability

retirement

Question 90

All of the following are defined as doing insurance business EXCEPT

selling mutual funds

taking or receiving insurance applications

delivering an insurance contract to a Texas resident

indirectly acting as an insurance agent

Question 91

Which of these statements accurately describes the Waiver of Premium provision in an Accident and Health policy?

Past due premiums on a lapsed policy are waived and coverage is restored

The insured is paid a monthly benefit to keep insurance premiums current in the event of total disability

Premiums are waived after the insured has been unemployed for a specified time period

Premiums are waived after the insured has been totally disabled for a specified time period

Question 92

Under the Texas insurance code, which of the following statements about the Suicide clause is CORRECT?

The Commissioner of Insurance must review insurance companies' Suicide clauses every five years for discrimination

A Suicide clause must apply equally to Life and Accidental Death and Dismemberment (AD&D) policies

An insurance company must actuarially justify any suicide limitation

Suicide may not be a defense against payment after the second year

Question 93

A father who dies within 3 years after purchasing a life insurance policy on his infant daughter can have the policy premiums waived under which provision?

Payor provision

Accelerated Benefits provision

Assignment provision

Waiver of Premium provision

Question 94

All of these statements about the Waiver of Premium provision are correct EXCEPT

A waiting period must pass before becoming eligible for benefits

Waiver of Premium is available on both permanent and term insurance policies

Insured must be eligible for Social Security disability for claim to be accepted

Insured must be totally disabled to qualify

Question 95

Which of the following is an example of rebating?

returning a portion of a premium as inducement to purchase insurance

cancellation of an insurance policy without cause

sale of mass-marketed insurance products

offer of temporary insurance coverage

Question 96

T applies for a life insurance policy and is told by the producer that the insurer is bound to the coverage as of the date of the application or medical examination, whichever is later, provided that T is an acceptable risk. What item is given to T?

Binding receipt

Conditional receipt

Warranty receipt

Backdated receipt

Question 97

What percentage of continuing education instruction MUST be completed in the classroom or classroom equivalent?

25%

50%

75%

100%

Question 98

An insurance company must provide information on fraudulent claims at the request of all of the following entities EXCEPT

- local law enforcement agencies
- the Commissioner of Insurance
- the Attorney General
- an insured

Question 99

A life insurance policy that provides a policyowner with cash value along with a level face amount is called

- Whole life
- Level term
- Credit life
- Ordinary life

Question 100

A stock insurance company is owned by it's

- directors
- stockholders
- agents
- insureds

Question 101

An insurance company may be judged guilty of false advertising if it

- uses the term "invitation to contract"
- exaggerates its dividends in a newspaper advertisement
- solicits testimonials from famous policyowners

advertises preferred rates to certain classes of policyowners

Question 102

An insurer must provide an insured with claim forms within ___ days after receiving notice of a loss.

- 5
- 10
- 15
- 20

Question 103

Which statement is correct regarding the premium payment schedule for whole life policies?

- Premiums are payable throughout the insured's lifetime/ coverage lasts until death of the insured
- Premiums are payable for a set period/ coverage expires at that point
- Premiums are payable until age 65/ coverage lasts a lifetime
- A single premium is paid at time of application/ coverage lasts until retirement

Question 104

Which parts of a life insurance policy are guaranteed to be true?

- Rating
- Representation
- Statement
- Warranty

Question 105

Which of the following BEST describes Credit Life insurance?

Insurance purchased on a mandatory basis with money borrowed from a bank or other credit institution

Insurance issued on a debtor to cover outstanding balances on installment loans

Insurance that allows an insured to use a policy's cash value to pay outstanding debts

Low-cost insurance issued through the mail by credit card companies

Question 106

The Commissioner of Insurance may issue a temporary agent's license for a maximum of how many days?

180

90

60

30

Question 107

An insurance company must do which of the following to terminate an agent's appointment?

Send notice of the termination to the Texas Department of Insurance

Request that the Texas Department of Insurance cancel the agent's license

Notify the agent of the termination at least 30 days before the effective date of termination

Request a hearing before the Commissioner of Insurance

Question 108

Which of the following policy features allows an insured to defer current health charges to the following year's deductible instead of the current year's deductible?

Deferral provision

Carryover provision

Stop Loss provision

Corridor provision

Question 109

The Commissioner of Insurance has the power and duty to take all of the following actions EXCEPT

- activate insurance companies' financial reserves
- compute insurance companies' required financial reserves
- issue insurance licenses
- handle insurance-related consumer complaints

Question 110

If an insurance company is organized under the laws of New Jersey and licensed to do business here, it is considered which of the following in Texas?

- a domestic company
- a foreign company
- an alien company
- an imported company

Question 111

Under the Texas code, the MAXIMUM for which a spouse may be insured in a company group life program with a \$50,000 death benefit is:

- \$1,000
- \$25,000
- \$30,000
- \$50,000

Question 112

A Health Reimbursement Arrangement MUST be established
with employee funding
with other employer-sponsored benefit plans
by the employer
only during specific open enrollment periods

Question 113

Insurance agent licenses normally must be renewed every
six months
one year
two years
three years

Question 114

An insurance agent does NOT have fiduciary responsibilities to
insurance companies
insureds
applicants
other agents

Question 115

Insurance contracts are known as _____ because certain future conditions or acts must occur before any claims can be paid.
consideration
unilateral
aleatory

conditional

Question 116

A "reimbursement policy" pays what amount of covered Long-Term Care expenses?

All expenses regardless of the policy limits

Actual covered expenses up to the daily maximum

A daily dollar amount regardless of the actual incurred expenses

The usual, customary, and reasonable expenses regardless of the the policy limits

Question 117

An agent MUST give a prospective insured an Outline of Coverage when taking an application for a

Whole life policy

Variable Annuity

Medicare Supplement policy

Term Life policy

Question 118

An agent who tells claimants that their rights may be impaired if they fail to complete a release form within a given period of time could be guilty of

defamation

rebating

coercion

discrimination

Question 119

An enrollee of a Health Maintenance Organization (HMO) may be cancelled or nonrenewed for which of the following reasons?

Failure to pay for coverage

Marriage to a person with a pre-existing condition

Excessive use of health care benefits

Refusing HMO advice to quit smoking

Question 120

S would like to use dividends from her life insurance policy to purchase paid-up additions. All of these would be factors that determine how much coverage can be purchased EXCEPT

type of life insurance

S's attained age

dividend amount used toward purchase

beneficiary's age

Question 121

Which of these life insurance riders allows the applicant to have excess coverage?

Automatic Premium Loan rider

Waiver of Premium rider

Guarantee Insurability rider

Term rider

Question 122

A certificate of authority does which of the following?

Gives an agent authority to represent a specific insurance company

Permits an agent to solicit insurance in Texas

Permits a deceased agent's relative to act as an agent for a limited period of time

Permits an insurance company to transact business in Texas

Question 123

The clause in an Accident and Health policy which defines the benefit amounts the insurer will pay is called the

Insuring clause

Contestable clause

Consideration clause

Free-look provision

Question 124

All of the following provisions must be included in life insurance policies EXCEPT

Incontestability

Entire Contract

Extended Term

Misstatement of Age

Question 125

The federal income tax treatment of employer-provided group health insurance can be accurately described as

Employee's coverage paid for by the employer is considered taxable income to the employee

Employee's coverage paid for by the employer is tax-deductible to the employer as a business expenditure

Employer is given tax credits for contributions made to an employer-provided group health plan

Benefits are taxable to the employee

Question 126

A Key Employee policy is taken out by Company X on its vice president. Ten years later, this employee leaves Company X and begins working for Company Y. If this individual were to die and the policy is still in force and unchanged, where would the death proceeds be directed?

The employee's family

Company Y

Company X

The employee's estate

Question 127

Which of the following BEST describes a short-term medical expense policy?

Conditionally renewable

Noncancellable

Guaranteed renewable

Nonrenewable

Question 128

What is the maximum Social Security Disability benefit amount an insured can receive?

50% of the insured's Primary Insurance Amount (PIA)

75% of the insured's Primary Insurance Amount (PIA)

100% of the insured's Primary Insurance Amount (PIA)

100% of the insured's Primary Insurance Amount (PIA) minus any monies received from a retirement plan

22 of 150 Questions Remaining

Correct. The MAXIMUM Social Security Disability benefit an insured may receive is equal to 100% of the insured's Primary Insurance Amount (PIA).

Question 129

T owns an Accident & Health policy and notifies her insurance company that she has chosen a less hazardous occupation. Under the Change of Occupation provision, which of the following actions may her insurance company take?

Allow her to take a tax deduction on unearned premiums

Increase her policy's coverage amount

Decrease her policy's coverage amount

Nothing

Question 129

An agent whose license has been revoked is required to

wait at least five years before applying for a new license

submit all previously written policies to the Commissioner of Insurance's office for servicing of the accounts

cancel all policies currently in effect and advise the insureds to place them elsewhere

continue to service the existing accounts but not solicit new business

Question 131

Which of the following circumstances would cause a Medicare Supplement policy to be cancelled?

A claim greatly exceeds the benefits payable

The insured fails to pay the premium

The attending physician dies before the claim is settled

The insured is no longer in good health

Question 132

S filed a written Proof of Loss for a Disability Income claim on September 1. The insurance company not responded to the claim. S can take legal action against the insurer beginning

September 21

October 16

November 1

December 1

Question 133

A policyowner would like to change the beneficiary on a Life insurance policy and make the change permanent. Which type of designation would fulfill this need?

- Revocable
- Contingent
- Irrevocable
- Primary

Question 134

Under an individual life insurance policy, an insured may assign a MAXIMUM of what percentage of policy ownership?

- 25%
- 50%
- 75%
- 100%

Question 135

A policy loan is made possible by which of these life insurance policy features?

- Policy loan clause
- Cash value provision
- Owner's rights provision
- Consideration clause

Question 136

Which of these would be considered a Limited-Pay Life policy?

- 10-year Renewable and Convertible Term
- Life Paid-Up at Age 70
- Straight Whole Life

Renewable Term to Age 100

14 of 150 Questions Remaining

Question 137

K has a life insurance policy where her husband is beneficiary and her daughter is contingent beneficiary. Under the Common Disaster clause, if K and her husband are both killed in an automobile accident, where would the death proceeds be directed?

Daughter

Husband's estate

K's estate

Trust fund

Question 138

The provision in a health insurance policy that interrupts premiums being paid to the insurer while the insured is disabled is called the

Probation Period

Grace Period

Waiver of Premium

Elimination Period

Question 139

T took out a \$50,000 life insurance policy with an Accidental Death and Dismemberment rider. Five years later, T commits suicide. How much will the insurer pay?

The total premiums paid minus any policy loans

Nothing

\$50,000

\$100,000

Question 140

An applicant for an agent's license must meet which of the following requirements?

Be honest, trustworthy, and reliable

Be at least 17 years of age

Have been a resident of Texas for at least 6 months

Post a \$100,000 Performance Bond

Question 141

What is considered to be a characteristic of a Conditionally Renewable Health Insurance policy?

Premiums may increase at time of renewal

Premiums may increase at any time

Policy may be renewed at the discretion of the insured

Policy may be amended by insurer at any time

Question 142

The Insurance Commissioner may examine the records of an insurance company in order to

determine the solvency of the company

determine the trust deposits of the company

approve the claims records of the company for tax purposes

assess the company's value on behalf of a prospective client

Question 143

Who can purchase a plan through the Marketplace?

Anyone

Any legal resident except those incarcerated

Only those who do not have access to employer-sponsored coverage

Only those who might be eligible for tax credits

Question 144

With Optionally Renewable Health policies, the insurer may

- renew the policy only if no claims have been filed the previous year
- renew the policy only with the insured's consent
- review the policy whenever they please and determine whether or not to renew it
- review the policy annually and determine whether or not to renew it

Question 145

With a Basic Medical Expense policy, what does the hospitalization expense cover?

- hospital room and board
- hospital administration expenses
- surgeon's fees
- physician fees

Question 146

An agent MUST do which of the following during a sales presentation for a participating life insurance policy?

- Include a statement that dividends are not guaranteed
- Presents the mortality table used for the policy
- Explain the applicable Nonforfeiture values
- Explain the surrender cost indexes for 5 and 10 years

Question 147

K has a health policy that must be renewed by the insurer and the premiums can only be increased if applied to the entire class of insureds. This type of policy is considered

- optionally renewable
- conditionally renewable

guaranteed renewable

noncancellable

Question 148

T has Disability Income policy that pays a monthly benefit of \$5000. If T becomes partially disabled, what can he likely expect?

\$5,000 per month benefit

\$10,000 per month benefit if the cause was accidental

More than \$5,000 per month benefit if cause was work-related

Less than \$5,000 per month benefit regardless of the cause

Question 149

A group life insurance policy may NOT insure groups consisting exclusively of persons who are salaried, clerical, or administrative employees

hourly paid laborers or their supervisors

administrative, managerial, or sales personnel

related by marriage, blood or legal adoption

Question 150

An agent who tells a client that dividends are guaranteed may be guilty of

fraud

rebating

misrepresentation

slander