



ATHENA FINANCIAL  
& INSURANCE ASSOCIATES



# Life & Health Pre-Licensing **PREP REVIEW**

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*based on XCEL's study materials to support  
licensing exam preparation.*

# HEALTH INSURANCE BASICS

**1. What type of injury would NOT be covered under a health insurance policy?**

**Correct Answer:** *Work-related injuries would be covered under Workers' Compensation.*

**2. When an insured changes to a more hazardous occupation, which disability policy provision allows an insurer to adjust policy benefits and rates?**

**Correct Answer:** *The change of occupation provision allows an insurer to adjust policy benefits and/or rates if the insured has changed to a more hazardous occupation.*

**3. A clause that allows an insurer the right to terminate coverage at any anniversary date is called a(n)**

**Correct Answer:** *An optional renewability clause allows an insurer the unrestricted right to terminate coverage at any anniversary or at any premium due date.*

**4. Mark continues working after the age of 65 and is covered through his employer's group health plan. Which of the following statements is TRUE?**

**Correct Answer:** *"Medicare is the secondary payer". If an individual continues to work after the age of 65 and keeps the group plan, primary coverage comes from the group insurance plan and Medicare is considered the secondary payer.*

**5. A health insurance policy where the insurer has the right to terminate the policy for reasons other than the insured's health is called**

**Correct Answer:** *When an insurer has the right to terminate a health insurance policy for specific reasons other than the insured's health, the plan is described as conditionally renewable.*

# HEALTH INSURANCE BASICS

**6. An insurer must furnish to a claimant forms for filing proof of loss within \_\_\_ days upon receiving a notice of claim.**

**Correct Answer:** "15". Upon receipt of notice of claim, the insurance company will furnish to the claimant forms for filing proof of loss within 15 days.

**7. In group health care, what is the purpose of the coordination of benefits provision?**

**Correct Answer:** "Determines what is paid by the primary and secondary insurers in the event of a claim". The purpose of the coordination of benefits provision in group health care is to determine what is paid by the primary and secondary insurers in case of a claim.

**8. This MANDATORY health policy provision states that the policy, including endorsements and attached papers, constitutes**

**Correct Answer:** "the entire insurance contract between the parties". The entire contract provision states that the policy, including endorsements and attached papers, constitutes the entire insurance contract between the parties.

**9. Written notice for a health claim must be given to the insurer \_\_\_ days after the occurrence of the loss.**

**Correct Answer:** "20". Written notice for a health claim must be given to the insurer 20 days after the occurrence of the loss.

**10. All of the following are functions of an insuring clause EXCEPT**

**Correct Answer:** "Primarily describes the free-look period". All of the following are functions of an insuring clause EXCEPT "Primarily describes the free-look period".

# HEALTH INSURANCE BASICS

**11. All of the following are included as part of a contract in the entire contract provision EXCEPT the**

**Correct Answer:** *All of these are included as part of a contract in the entire contract provision EXCEPT the changes made by the producer.*

**12. Craig submits a \$500 claim for medical expenses. With a past due premium of \$100, the insurer pays \$400. Which of the Uniform Optional Provisions covers this situation?**

**Correct Answer:** *If there is an unpaid premium at the time a claim becomes payable, the amount of the premium is to be deducted from the sum payable to the insured or beneficiary.*

**13. Which of the following actions may an insurance company NOT do in a health policy that contains a guaranteed renewable premium benefit?**

**Correct Answer:** *A guaranteed renewable policy CANNOT increase the premiums on an individual basis, only on the basis of an entire classification.*

**14. Which of the following is NOT a required provision in an accident and health insurance policy?**

**Correct Answer:** *"change of occupation". The change of occupation provision is considered an OPTIONAL provision.*

**15. After an insured gives notice of loss, what must he/she do if the insurer does not furnish forms?**

**Correct Answer:** *"File written proof of loss". The insured may file written proof of loss in any form if the insurer does NOT furnish forms after the insured gives notice of loss.*

# HEALTH INSURANCE BASICS

**16. Disability Income plans which require that the insurer can NEVER change or alter premium rates are usually considered**

**Correct Answer:** *"Noncancellable". A noncancellable policy cannot be cancelled nor can its premium rates be increased under any circumstances.*

**17. In contrast to a guaranteed renewable policy, a noncancellable policy**

**Correct Answer:** *"may never raise premiums". Noncancellable policies may not be changed in anyway by the insurer up to a specified age so long as the premiums are paid.*

**18. A health insurance policy that allows an insurer to change the policyowner's premiums, but NOT cancel the policy is called a(n)**

**Correct Answer:** *"guaranteed renewable policy". An insurer has the right to change the premium for policyowners with a guaranteed renewable policy, but CANNOT cancel the policy.*

**19. In which of the following situations would the insurer be liable for a loss?**

**Correct Answer:** *"The insured suffered an injury as an innocent bystander during a bank robbery". Because the insured did not commit or participate in the felony, the loss will be covered.*

**20. David submits a \$500 claim for medical expenses. There is a past-due amount owed for insurance premiums of \$200. As a result, the insurer only pays \$300 for the claim. This deduction came as a result of which provision?**

**Correct Answer:** *The unpaid premium provision permits an insurer to deduct any unpaid premium (usually due during the grace period) from the benefit.*

# HEALTH INSURANCE BASICS

**21. Richard owns an insurance policy that is renewable only at the option of the insurance company. His policy is considered to be**

**Correct Answer:** *"optionally renewable". A policy of insurance that is renewable only at the option of the insurer is optionally renewable.*

**22. Kathy pays a monthly premium on her health insurance policy. How long is her grace period?**

**Correct Answer:** *The grace period for a monthly premium health insurance policy is 10 days.*

**23. The reinstatement provision in a health insurance policy is**

**Correct Answer:** *"mandatory". In health insurance policies, the reinstatement provision is mandatory.*

**24. States that have "no loss no gain" laws require a replacing policy to**

**Correct Answer:** *"pay for ongoing claims under the policy it replaces". No loss no gain legislation requires that when health insurance is replaced, ongoing claims under the former policy must continue to be paid under the new policy.*

**25. The time limit for filing claim disputes is addressed in which provision of an accident and health policy?**

**Correct Answer:** *"Legal actions". The Legal actions provision of an accident and health policy dictates the time limit for filing claim disputes.*

**26. The entire contract includes the actual policy and the**

**Correct Answer:** *"application". The entire contract includes the actual policy and the application.*

# HEALTH INSURANCE BASICS

**27. Which of the following is NOT a common exclusion for a medical expense policy?**

**Correct Answer:** "Physical therapy". Physical therapy is not considered to be a common exclusion for a medical expense policy.

**28. The type of policy where the insurer can send a notice to the insured that the policy has been cancelled in the middle of the term is called**

**Correct Answer:** "cancelable". The renewability provision in a cancelable policy allows the insurer to cancel or terminate the policy at any time, simply by providing written notification to the insured and refunding any advance premium that has been paid.

**29. An accident and health insurer has just received written proof of loss from one of its insureds. The insured must now wait 60 days before**

**Correct Answer:** "bringing legal action against the insurer". In accident and health insurance, 60 days must pass after written proof of loss has been received by an insurer before the insured can bring legal action against the insurer.



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