

Life, Accident, and Health (LAH) Insurance Mastery Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

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Table of Contents

Copyright	1
Table of Contents	2
Introduction	3
How to Use This Guide	4
Questions	5
Answers	8
Explanations	10
Next Steps	16

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. Each of the following is a personal use of life insurance proceeds EXCEPT**
 - A. providing funds to pay for final expenses such as medical bills or a funeral.**
 - B. creating an immediate estate.**
 - C. establishing an emergency fund.**
 - D. funding a buy-sell agreement.**
- 2. In a group life insurance plan, who receives the Certificate of Insurance?**
 - A. The Insurance Commissioner for approval**
 - B. The employees, instead of the master contract**
 - C. The insurer, as proof of policy delivery**
 - D. The employer, as the contract holder**
- 3. Define "coinsurance."**
 - A. A fixed amount paid for a specific healthcare service.**
 - B. A flat fee paid for every medical service received.**
 - C. A cost-sharing arrangement where the insured pays a certain percentage of the costs of covered healthcare after the deductible is met.**
 - D. The total out-of-pocket costs a policyholder incurs in a year.**
- 4. What is typically required for an insurance company to pay an accidental death benefit?**
 - A. Death must occur instantly from the accident**
 - B. Policy must be in force for at least two years before the accident**
 - C. Death must occur within 90 days of the accident**
 - D. Death must occur within 10 days of the accident**
- 5. Which type of life insurance provides coverage for a set period of time?**
 - A. Whole life insurance**
 - B. Universal life insurance**
 - C. Term life insurance**
 - D. Variable life insurance**

6. If Wanda paid 100% of her group disability premiums, what percentage of her benefits would be tax free?

- A. 75%
- B. 50%
- C. 0%
- D. 100%

7. With a conditional life insurance receipt, when does coverage start?

- A. The receipt is given to the applicant, regardless of insurability
- B. The policy is delivered to the owner
- C. The receipt is given to the applicant, if approved as a standard risk
- D. The application is received by the insurer

8. Which of the following is NOT true regarding straight life annuities?

- A. Payments continue until the annuitant's death
- B. They cannot be sold or transferred
- C. They provide a level of financial security
- D. Death benefits are usually not involved

9. The Gramm-Leach-Bliley Act requires what from insurance companies?

- A. To adopt anti-money laundering practices
- B. To disclose their privacy policy and how a customer's information may be shared with affiliates and third parties
- C. To maintain control over disclosure of their customers' protected health information
- D. To allow former employees to continue benefits under the employer's group health insurance plan

10. What type of policy likely covers expenses incurred from in-hospital treatment as well as some outpatient expenses?

- A. A medical expense policy
- B. A limited risk policy
- C. An accidental death and dismemberment policy
- D. A disability income policy

Answers

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1. D
2. B
3. C
4. C
5. C
6. D
7. C
8. B
9. B
10. A

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Explanations

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1. Each of the following is a personal use of life insurance proceeds EXCEPT

- A. providing funds to pay for final expenses such as medical bills or a funeral.**
- B. creating an immediate estate.**
- C. establishing an emergency fund.**
- D. funding a buy-sell agreement.**

The correct choice highlights the distinction between personal uses of life insurance proceeds and those that are often associated with business purposes. Funding a buy-sell agreement typically serves as a mechanism for business continuity and ownership transfer among business partners upon the death of an owner. This purpose is inherently linked to a business arrangement rather than personal financial planning or personal financial needs. In contrast, the other options reflect more personal financial situations. Providing funds for final expenses, such as medical bills or a funeral, is a common use of life insurance benefits that directly addresses the needs of surviving family members. Creating an immediate estate allows beneficiaries to secure financial stability quickly after the policyholder's death, which is also a personal financial consideration. Establishing an emergency fund implies setting aside resources for unexpected expenses, which is fundamentally a personal financial management strategy. Thus, the nature of the buy-sell agreement distinctly categorizes it as a business-related use of life insurance, making it the exception in this context.

2. In a group life insurance plan, who receives the Certificate of Insurance?

- A. The Insurance Commissioner for approval**
- B. The employees, instead of the master contract**
- C. The insurer, as proof of policy delivery**
- D. The employer, as the contract holder**

In a group life insurance plan, the Certificate of Insurance is issued to the employees rather than the master contract, which is held by the employer. This document serves as proof of coverage for individual participants within the group policy, outlining the terms and conditions of their insurance. The master contract itself typically contains the overarching details of the group insurance arrangement and is between the insurance company and the employer. However, since the employees are the ones who are insured under this plan, they receive the Certificate of Insurance to confirm their personal coverage details, benefits, and any necessary information they may need to understand their policy. This distinction is vital since it emphasizes the role of the employer as the contract holder while ensuring that the employees have access to their specific insurance information, empowering them to know their rights and benefits under the group plan.

3. Define "coinsurance."

- A. A fixed amount paid for a specific healthcare service.
- B. A flat fee paid for every medical service received.
- C. A cost-sharing arrangement where the insured pays a certain percentage of the costs of covered healthcare after the deductible is met.**
- D. The total out-of-pocket costs a policyholder incurs in a year.

Coinsurance is a cost-sharing arrangement commonly found in health insurance plans where the insured is responsible for paying a certain percentage of the costs of covered healthcare services after the deductible has been met. For example, if a health insurance plan has a coinsurance rate of 20%, the insured would pay 20% of the covered medical expenses, while the insurance company would pay the remaining 80%. This arrangement helps to share the costs between the insurer and the insured and ensures that the insured has a financial stake in the healthcare services they use, potentially preventing over-utilization. The other options reflect different concepts related to healthcare expenses. A fixed amount paid for a specific healthcare service describes a copayment (or copay), which is a predetermined fee. A flat fee paid for every medical service mirrors the idea of copayments as well, and does not involve percentage sharing. Lastly, the definition of total out-of-pocket costs pertains to the overall expenses incurred by a policyholder, which includes deductibles, copayments, and coinsurance, rather than specifically referring to the percentage-based cost-sharing mechanism of coinsurance itself.

4. What is typically required for an insurance company to pay an accidental death benefit?

- A. Death must occur instantly from the accident
- B. Policy must be in force for at least two years before the accident
- C. Death must occur within 90 days of the accident**
- D. Death must occur within 10 days of the accident

An insurance company typically requires that death occurs within a specified period following the accident to qualify for an accidental death benefit. The stipulation that death must occur within 90 days of the accident is standard in many accidental death insurance policies. This timeframe allows the insurer to establish a direct link between the accident and the subsequent death, ensuring that the cause of death is indeed the result of the accident and not due to unrelated factors that may arise later. Other options might suggest variations of timeframes or conditions, but the 90-day requirement is commonly accepted and aligns with the intent of providing benefits related specifically to the circumstances of an accident. Therefore, the 90-day window is a key parameter that supports the necessary connection between the claim and the accidental event, reinforcing the need for timely and well-documented claims.

5. Which type of life insurance provides coverage for a set period of time?

- A. Whole life insurance**
- B. Universal life insurance**
- C. Term life insurance**
- D. Variable life insurance**

Term life insurance is designed specifically to provide coverage for a predetermined period, which can range from a few years to several decades. This type of insurance is a straightforward protection plan that pays a death benefit if the insured passes away during the term of the policy. Once the term concludes, the coverage ceases, and there is typically no payout unless the insured has passed during that timeframe. This characteristic differentiates term life from other types of life insurance. Whole life insurance, for instance, offers coverage for the entire lifetime of the insured, as long as premiums are paid. Universal life insurance provides flexible premiums and death benefits and is also designed for lifetime coverage. Variable life insurance combines a death benefit with an investment component, allowing the policyholder to allocate a portion of the premium to various investment options, also lasting for the lifetime of the insured. Thus, the essence of term life insurance is its focus on providing a defined period of coverage, making it an attractive choice for those seeking temporary financial protection, such as covering debts or providing for dependents during critical years.

6. If Wanda paid 100% of her group disability premiums, what percentage of her benefits would be tax free?

- A. 75%**
- B. 50%**
- C. 0%**
- D. 100%**

When an individual pays 100% of their group disability insurance premiums using after-tax dollars, the benefits they receive from that policy are completely tax-free. This is because the IRS treats premiums paid with after-tax money as not having been deducted from taxable income. Therefore, the full amount of benefits that Wanda would receive from her group disability plan would not be subject to income tax. In the context of disability insurance, if an employer pays the premiums or if the premiums are deducted pre-tax from the employee's paycheck, the benefits received would typically be subject to taxation. However, since Wanda has paid for her premiums entirely with her after-tax income, she is entitled to receive the full benefit amount tax-free. This makes the correct answer 100%. Understanding this principle is crucial for individuals regarding financial planning and the implications of how insurance premiums are paid.

7. With a conditional life insurance receipt, when does coverage start?

- A. The receipt is given to the applicant, regardless of insurability
- B. The policy is delivered to the owner
- C. The receipt is given to the applicant, if approved as a standard risk**
- D. The application is received by the insurer

The correct answer indicates that coverage begins when the applicant is approved for coverage as a standard risk after receiving a conditional life insurance receipt. This type of receipt implies that the insurer has reviewed the initial application and has agreed to issue the policy, pending final underwriting and approval based on the applicant's health and risk assessment. This situation reflects the conditional nature of the receipt—while the applicant has some assurance of coverage if deemed insurable, the policy is not fully active until underwriting is complete. The approval of the applicant as a standard risk is crucial because it confirms the insurance company's agreement to provide coverage based on the information given in the application. In contrast, simply receiving the receipt without that approval does not guarantee coverage; hence, other options lack the necessary criteria that lead to an active coverage start date. The delivery of the policy itself means coverage has been formally accepted, but coverage for a conditional receipt specifically starts with the underwriting approval.

8. Which of the following is NOT true regarding straight life annuities?

- A. Payments continue until the annuitant's death
- B. They cannot be sold or transferred**
- C. They provide a level of financial security
- D. Death benefits are usually not involved

The statement that straight life annuities cannot be sold or transferred reflects a misunderstanding of these financial products. Straight life annuities are contracts that provide regular payments to the annuitant for as long as they live, and they typically offer significant financial security by guaranteeing income for the duration of the annuitant's life, regardless of how long that may be. Payments continue until the death of the annuitant, which is true and reflects the purpose of this type of annuity. Furthermore, while it's commonly understood that straight life annuities do not usually provide death benefits, this does not mean that the annuity itself is entirely intractable; some policyholders may find ways to use its value in estate planning or may choose options that do manage aspects of transferability depending on specific contract terms. In general, straight life annuities are indeed designed primarily to provide steady income and financial security for the annuitant's lifetime without the contingency of death benefits being a prominent feature, thereby reinforcing their role as a source of guaranteed income in retirement.

9. The Gramm-Leach-Bliley Act requires what from insurance companies?

- A. To adopt anti-money laundering practices**
- B. To disclose their privacy policy and how a customer's information may be shared with affiliates and third parties**
- C. To maintain control over disclosure of their customers' protected health information**
- D. To allow former employees to continue benefits under the employer's group health insurance plan**

The Gramm-Leach-Bliley Act (GLBA) focuses primarily on the protection of consumers' private financial information and the disclosure of privacy policies by financial institutions, including insurance companies. One of the significant requirements of the GLBA is that insurance companies must disclose their privacy policies to customers, detailing how their personal information is collected, used, and shared with affiliates and third parties. This requirement is in place to ensure that consumers are informed about the handling of their sensitive information and to provide them with more control over their personal data. This aligns with the goals of the GLBA to promote consumer transparency and protect privacy in the financial services sector. Therefore, the requirement for insurance companies to disclose how customer information may be shared directly reflects the intent of the legislation to safeguard personal data. The other options do relate to important aspects of regulatory compliance and consumer protection but are not specific requirements outlined by the Gramm-Leach-Bliley Act. Options regarding anti-money laundering practices, the control of protected health information, and the continuation of benefits under health insurance plans pertain to different regulations and are not central to the GLBA's mandate for privacy disclosures.

10. What type of policy likely covers expenses incurred from in-hospital treatment as well as some outpatient expenses?

- A. A medical expense policy**
- B. A limited risk policy**
- C. An accidental death and dismemberment policy**
- D. A disability income policy**

A medical expense policy is designed specifically to cover a variety of healthcare costs, including expenses related to in-hospital treatment and certain outpatient services. These policies typically offer benefits for hospital stays, surgeries, doctor visits, diagnostic tests, and sometimes even preventive care, depending on the specifics of the policy. The broad scope of coverage is essential for helping individuals manage the financial burden associated with medical treatment and can significantly alleviate out-of-pocket expenses. In contrast, limited risk policies are intended to cover specific illnesses or injuries and do not provide comprehensive coverage like a medical expense policy. An accidental death and dismemberment policy is focused solely on providing benefits in the event of death or dismemberment due to an accident, without covering general medical expenses. Disability income policies offer replacement income if a policyholder is unable to work due to a disabling condition, rather than covering direct medical expenses. Therefore, the most appropriate choice for covering both in-hospital treatment and some outpatient expenses is indeed a medical expense policy.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://lahinsurancemastery.examzify.com>

We wish you the very best on your exam journey. You've got this!

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