

LIFE, ACCIDENT, AND HEALTH (LAH) INSURANCE MASTERY PRACTICE EXAM (SAMPLE) STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE

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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. Which provision includes the insurance company's promise to pay the claim?**
 - A. Insuring agreement
 - B. Consideration clause
 - C. Entire contract clause
 - D. Ownership clause
- 2. What does variable life insurance allow policyholders to do?**
 - A. Invest the cash value in fixed income options only
 - B. Invest the cash value in various investment options
 - C. Withdraw the cash value at any time without penalties
 - D. Convert the policy into a health insurance policy
- 3. What does an accelerated death benefit allow policyholders to do?**
 - A. Receive full benefits at retirement age
 - B. Access part of their death benefit early due to terminal illness
 - C. Convert term life insurance to whole life insurance
 - D. Cash out their policy at any time
- 4. What does a life insurance contract's insuring clause express?**
 - A. It includes policy conditions and exclusions.
 - B. It describes the financial strength rating of the insurer's ability to pay claims.
 - C. It expresses the insurer's intent to pay for covered losses in exchange for payment of premium and compliance with policy terms.
 - D. It expresses the status of a pending claim.
- 5. Which type of life insurance policy combines protection features with cash value growth potential?**
 - A. Term life
 - B. Universal life
 - C. Variable life
 - D. Whole life

6. What is a key characteristic of term life insurance?

- A. It has no cash value.
- B. It provides lifelong coverage.
- C. It includes a waiver of premium provision.
- D. It allows for flexible premiums.

7. What is the function of a "health maintenance organization" (HMO)?

- A. To provide a variety of insurance plans across multiple providers.
- B. To offer health insurance through a network of providers who deliver services to members.
- C. To guarantee payment for out-of-network services without restrictions.
- D. To serve as a regulatory body for health insurance providers.

8. COBRA (the Consolidated Omnibus Budget Reconciliation Act) requires?

- A. Insurance companies to adopt anti-money laundering practices
- B. Health insurers to maintain control over disclosure of their customers' protected health information
- C. Employers with 20 or more employees to allow former employees to continue benefits under the employer's group health insurance plan
- D. Insurance companies to disclose their privacy policy and how a customer's information may be shared with affiliates and third parties

9. Self-insurance is an example of which type of risk management?

- A. Retention
- B. Sharing
- C. Transfer
- D. Avoidance

10. What does a long-term care policy typically cover?

- A. Temporarily injuries requiring surgical intervention
- B. Assistance with activities of daily living
- C. Property damage liability
- D. Hospitalization procedures

Answers

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

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Explanations

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1. Which provision includes the insurance company's promise to pay the claim?

- A. Insuring agreement**
- B. Consideration clause
- C. Entire contract clause
- D. Ownership clause

The insuring agreement is a crucial provision in an insurance policy that outlines the coverage provided by the insurer. It includes the insurance company's specific commitment to pay claims under the terms of the policy. This section defines what risks are covered, what types of losses are eligible for payment, and the conditions under which the insurer agrees to indemnify the insured. Essentially, it serves as the core of the policy, detailing the obligations of the insurer to compensate the policyholder in the event of a covered loss. The other provisions mentioned, such as the consideration clause, outline the premiums and policy terms that are exchanged between the insurer and insured, while the entire contract clause asserts that only the written agreement, including endorsements, constitutes the full agreement between the parties. The ownership clause deals with the rights of the policyholder regarding the policy itself, but none of these provisions directly encapsulate the insurer's promise to pay claims as clearly as the insuring agreement does.

2. What does variable life insurance allow policyholders to do?

- A. Invest the cash value in fixed income options only
- B. Invest the cash value in various investment options**
- C. Withdraw the cash value at any time without penalties
- D. Convert the policy into a health insurance policy

Variable life insurance is a type of permanent life insurance that provides policyholders with the opportunity to invest their cash value in a variety of investment options, often including stocks, bonds, and mutual funds. This flexibility allows the cash value of the policy to potentially grow over time, reflecting the performance of the chosen investments. Unlike traditional life insurance policies that typically have a fixed cash value, variable life insurance enables policyholders to take a more active role in the growth of their policy's cash value, aligning it with their risk appetite and investment goals. While options regarding withdrawals or conversions might seem appealing, they do not accurately describe the primary function of variable life insurance. Withdrawals can often come with penalties, and the policy cannot typically be converted into a health insurance policy. The emphasis on the investment aspect distinctively characterizes variable life insurance.

3. What does an accelerated death benefit allow policyholders to do?

- A. Receive full benefits at retirement age
- B. Access part of their death benefit early due to terminal illness**
- C. Convert term life insurance to whole life insurance
- D. Cash out their policy at any time

An accelerated death benefit enables policyholders to access a portion of their death benefit early if they are diagnosed with a terminal illness. This provision is particularly significant as it allows individuals facing a dire medical situation to utilize the funds for various purposes, such as paying for medical expenses, managing end-of-life care, or making necessary financial arrangements. By receiving this benefit early, policyholders can ease the financial burden on themselves and their loved ones during a challenging time. The other options do not accurately reflect the purpose of an accelerated death benefit. Receiving full benefits at retirement age pertains to different types of insurance policies and retirement planning, while converting term life insurance to whole life insurance involves policy changes rather than early payout benefits. Cashing out a policy at any time does not typically apply, as accelerated death benefits are specifically tied to terminal illness and not general access to policy funds.

4. What does a life insurance contract's insuring clause express?

- A. It includes policy conditions and exclusions.
- B. It describes the financial strength rating of the insurer's ability to pay claims.
- C. It expresses the insurer's intent to pay for covered losses in exchange for payment of premium and compliance with policy terms.**
- D. It expresses the status of a pending claim.

The insuring clause in a life insurance contract serves as a fundamental component that outlines the insurer's commitment to provide coverage. This clause specifically states the insurer's obligation to pay a specified benefit to the policy's beneficiaries upon the insured's death, conditioned upon the payment of premiums and adherence to the terms set forth in the policy. By defining the relationship between the insurer and the policyholder, the insuring clause establishes the primary purpose of the life insurance policy: to provide financial protection against the loss of life. This clarity reinforces the contract's purpose and sets the groundwork for how claims will be processed and what conditions must be met to activate coverage. Understanding this aspect of the insuring clause is vital as it highlights the mutual responsibilities involved; while the insurer agrees to cover the loss, the policyholder must comply with the policy's terms, such as maintaining premium payments. Thus, this answer correctly encapsulates the essence of the insuring clause in a life insurance policy.

5. Which type of life insurance policy combines protection features with cash value growth potential?

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

The type of life insurance policy that combines protection features with cash value growth potential is variable life insurance. This policy not only provides a death benefit but also allows the policyholder to allocate a portion of the premiums to a variety of investment options, such as stocks, bonds, or mutual funds. The cash value can grow based on the performance of these investments, which is why it has the potential for greater growth compared to other types of life insurance. Universal life and whole life also have cash value components that grow over time, but they generally provide a more conservative growth mechanism, usually tied to a fixed interest rate or a rate set by the insurer rather than linked to investment performance. Term life, on the other hand, does not include a cash value component at all; it only provides coverage for a specified term without any savings or investment feature. Therefore, variable life stands out as the correct answer due to its dual feature of life insurance protection and a cash value that can significantly fluctuate based on investment choices.

6. What is a key characteristic of term life insurance?

- A. It has no cash value.**
- B. It provides lifelong coverage.
- C. It includes a waiver of premium provision.
- D. It allows for flexible premiums.

Term life insurance is designed to provide coverage for a specific period, such as 10, 20, or 30 years. A key characteristic of this type of insurance is that it has no cash value. Unlike whole life or universal life insurance policies, which build cash value over time and can be borrowed against or cashed in, term life insurance solely provides a death benefit if the insured passes away during the term. If the term expires and the individual outlives the policy, there is no payout and no accumulated value, making the absence of cash value a distinct feature of term life insurance. Other aspects of the insurance options mentioned do not apply to term life. For instance, term life does not provide lifelong coverage; it is limited to the predetermined duration. While some term policies may have specific riders, such as a waiver of premium provision or conversion options, these are not inherent to all term life policies. Additionally, premium flexibility is more characteristic of permanent life insurance policies, where policyholders can adjust their payments according to specific arrangements. Therefore, the correct answer emphasizes that term life insurance is unique in that it does not accumulate any cash value over time.

7. What is the function of a "health maintenance organization" (HMO)?

- A. To provide a variety of insurance plans across multiple providers.
- B. To offer health insurance through a network of providers who deliver services to members.**
- C. To guarantee payment for out-of-network services without restrictions.
- D. To serve as a regulatory body for health insurance providers.

A health maintenance organization (HMO) serves a specific role within the healthcare system by offering health insurance through a structured network of providers. Members of an HMO are required to obtain their medical services primarily from this network, which can include family physicians, specialists, and hospitals that have agreed to provide services at reduced costs. This model often emphasizes preventative care, as HMOs typically encourage members to engage in regular check-ups and screenings in order to maintain overall health and prevent more serious health issues. This focus on a managed care approach helps the organization control costs while providing access to essential healthcare services. The use of a network can also lead to streamlined care and coordination among providers, which benefits members through improved health outcomes and reduced out-of-pocket expenses for covered services. The other options do not accurately capture the primary function of an HMO. Providing a variety of insurance plans across multiple providers, guaranteeing payment for out-of-network services, or serving as a regulatory body are not consistent with the HMO model, which is centered on coordinated care within a specific network of providers.

8. COBRA (the Consolidated Omnibus Budget Reconciliation Act) requires?

- A. Insurance companies to adopt anti-money laundering practices
- B. Health insurers to maintain control over disclosure of their customers' protected health information
- C. Employers with 20 or more employees to allow former employees to continue benefits under the employer's group health insurance plan**
- D. Insurance companies to disclose their privacy policy and how a customer's information may be shared with affiliates and third parties

COBRA, or the Consolidated Omnibus Budget Reconciliation Act, is a federal law that provides certain employees and their families the right to continue health insurance coverage under an employer's group plan for a limited period after experiencing a qualifying event, such as job loss, reduction in hours, or other life events. The requirement specifically applies to employers that have 20 or more employees, thereby setting a threshold for which organizations must comply with these provisions. COBRA coverage allows individuals to maintain health insurance benefits for up to 18 months, and in some cases, even longer, which is particularly important for those who are in transition and may not immediately find new employment. This law is designed to protect employees and their families during times of uncertainty, ensuring they retain access to healthcare coverage. The other options relate to different aspects of insurance regulation and policy but do not pertain to the key provisions of COBRA. These include regulations around anti-money laundering, health information privacy controls, and privacy policies, which are governed by separate laws and regulations. Thus, the understanding of COBRA is crucial for recognizing its role in health insurance continuity for employees transitioning out of an organization.

9. Self-insurance is an example of which type of risk management?

- A. Retention**
- B. Sharing
- C. Transfer
- D. Avoidance

Self-insurance is classified as a method of retention in risk management. When individuals or businesses choose to self-insure, they decide to retain the risk rather than transferring it to an insurance provider or sharing it with others. This means they accept the possibility of losses and set aside their own funds to cover potential claims or damages, rather than paying premiums for an insurance policy. Retention as a risk management strategy is often chosen by those who have a good understanding of their potential risks and believe they can handle the financial repercussions of those risks if they occur. This strategy is commonly used by organizations or individuals who have sufficient financial resources to cover anticipated losses or who prefer to have direct control over their risk management costs. In contrast, sharing involves pooling risks among a group, transfer means passing the risk to another party (typically through insurance), and avoidance is the strategy of eliminating the risk entirely. Understanding these distinctions is crucial for effectively managing risk in insurance practices.

10. What does a long-term care policy typically cover?

- A. Temporarily injuries requiring surgical intervention
- B. Assistance with activities of daily living**
- C. Property damage liability
- D. Hospitalization procedures

A long-term care policy is specifically designed to provide support for individuals who are unable to perform basic activities of daily living (ADLs) due to chronic illness, disability, or aging. ADLs may include essential tasks such as bathing, dressing, eating, toileting, and mobility. The primary purpose of this type of insurance is to help cover the costs associated with providing the care necessary for individuals who require assistance over an extended period, which can often exceed what traditional health insurance covers. In contrast, the other options do not align with the core purpose of a long-term care policy. While temporarily injuries requiring surgical intervention pertain more to health and accident insurance, property damage liability is associated with auto or homeowners insurance and does not relate to personal care needs. Hospitalization procedures focus on acute care within a hospital setting rather than ongoing care and assistance at home or in assisted living facilities, which is the central aim of long-term care insurance.

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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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