

Louisiana Series 103 - Life, Health, and Accident or Sickness Insurance Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

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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. How does paying premiums more frequently affect policy cost?**
 - A. Increases**
 - B. Decreases**
 - C. Stays the same**
 - D. Is waived**

- 2. Which of the following does Medicare Part D cover?**
 - A. Vision Care**
 - B. Prescription Drugs**
 - C. Dental Care**
 - D. Inpatient Hospital Services**

- 3. What type of life insurance policy guarantees a minimum interest rate with the potential to earn a higher credited rate?**
 - A. Whole life**
 - B. Universal life**
 - C. Term life**
 - D. Variable life**

- 4. What is issued to each employee of an employer health plan?**
 - A. Policy**
 - B. Enrollment form**
 - C. ID card**
 - D. certificate**

- 5. Which item is typically included in a life insurance policy summary?**
 - A. The Policy's Cash Value**
 - B. The Insurer's Rating**
 - C. The Agent's License Number**
 - D. The Beneficiary's Date of Birth**

- 6. A life insurance company transferring some of its risk to another insurer. The insurer assuming the risk is called the**
- A. Reinsurer**
 - B. Insurer**
 - C. Broker**
 - D. Adjuster**
- 7. What term describes the insurer's ability to make unpredictable payouts to policyowners?**
- A. Liquidity**
 - B. Solvency**
 - C. Reserves**
 - D. Profitability**
- 8. Which arrangement allows a lender to hold a temporary interest in a life insurance policy as security for a loan?**
- A. Collateral assignment**
 - B. Absolute assignment**
 - C. Beneficiary designation change**
 - D. Trust assignment**
- 9. All of the following plans allow for employee contributions to be taken on a pre-tax basis EXCEPT**
- A. Health Savings Account**
 - B. Health Reimbursement Arrangement Plan**
 - C. Flexible Spending Account**
 - D. Health Care Savings Plan**
- 10. In replacing an existing life policy with a new policy, who must provide the notice of replacement to be signed by the applicant?**
- A. insurer**
 - B. applicant**
 - C. broker**
 - D. producer**

Answers

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

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Explanations

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1. How does paying premiums more frequently affect policy cost?

- A. Increases**
- B. Decreases**
- C. Stays the same**
- D. Is waived**

Paying premiums more frequently increases policy cost because insurers often add a small finance or processing charge for handling multiple payments. The base premium is usually set assuming you'll pay annually; when you choose monthly, quarterly, or semiannual payments, the insurer recoups some of the administrative costs and the time value of money with those extra charges. Over the life of the policy, these charges add up, making the total amount paid higher than paying once a year. If you can afford it, paying annually tends to be the cheapest option.

2. Which of the following does Medicare Part D cover?

- A. Vision Care**
- B. Prescription Drugs**
- C. Dental Care**
- D. Inpatient Hospital Services**

Medicare Part D is the prescription drug benefit. It is designed to help pay for the medications you take. Vision care and dental care are not covered by Part D (though some Medicare Advantage plans may offer them), and inpatient hospital services are covered by Part A, not Part D. So the thing Part D covers is prescription drugs.

3. What type of life insurance policy guarantees a minimum interest rate with the potential to earn a higher credited rate?

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

Universal life is designed to accumulate cash value with interest credits. It guarantees a minimum interest rate on that cash value, while also allowing a higher credited rate if the insurer's current rate is favorable. This setup gives you a floor on growth plus upside if market conditions support a higher credit. Term life has no cash value to credit interest. Whole life does build cash value and may pay dividends, but those dividends aren't described as a current rate that can exceed a guaranteed minimum in the same way. Variable life ties cash value to investments with potential for higher returns but no guaranteed minimum rate.

4. What is issued to each employee of an employer health plan?

- A. Policy**
- B. Enrollment form**
- C. ID card**
- D. certificate**

In employer-sponsored group health plans, the document that proves an individual employee is covered is the certificate of insurance. The insurer issues the master policy to the employer, but each employee doesn't receive the policy itself. Instead, a certificate of insurance is issued to the employee (and often to dependents) and serves as the personalized evidence of their coverage, outlining benefits, exclusions, effective dates, and who is covered. An enrollment form is used for applying or updating who is covered, and while many plans also provide ID cards for convenience at the point of service, the formal document that evidences coverage is the certificate.

5. Which item is typically included in a life insurance policy summary?

- A. The Policy's Cash Value**
- B. The Insurer's Rating**
- C. The Agent's License Number**
- D. The Beneficiary's Date of Birth**

Policy summaries are meant to give you a quick, at-a-glance view of the policy's key features and values. For permanent life policies, the cash value is a central part of what owners care about—the savings component that grows over time and can be borrowed against or surrendered. That's why the policy's cash value is typically included in the summary. Insurer ratings reflect the company's financial strength and aren't part of the policy's contractual terms, so they aren't normally listed in the policy summary. The agent's license number is an administrative detail, not a feature of the policy itself. The beneficiary's date of birth isn't a standard item in the summary either, since the policy focuses on coverage, premiums, and cash value rather than personal details of beneficiaries.

6. A life insurance company transferring some of its risk to another insurer. The insurer assuming the risk is called the

- A. Reinsurer**
- B. Insurer**
- C. Broker**
- D. Adjuster**

Reinsurance is the process of one insurer transferring part of its risk to another insurer. The company that accepts the transfer is the reinsurer. This arrangement lets the original insurer share in losses, increase its underwriting capacity, and stabilize financial results. The insurer that transfers the risk is known as the ceding company or cedent, while the reinsurer is the entity taking on the risk. A broker is just an intermediary who places coverage and does not assume risk, and an adjuster handles claims after a loss, not risk transfer.

7. What term describes the insurer's ability to make unpredictable payouts to policyowners?

- A. Liquidity**
- B. Solvency**
- C. Reserves**
- D. Profitability**

Liquidity is the insurer's ability to meet cash obligations as they come due, including unpredictable payouts to policyowners. Insurance companies must be able to convert assets to cash quickly to pay claims, surrenders, or sudden benefits. Even a financially solid company needs enough liquid assets (like cash or readily marketable securities) to handle unexpected demands without delaying payments or resorting to unfavorable borrowing. Solvency speaks to long-term ability to meet all obligations, including future claims, but not the immediacy of cash for sudden payouts. Reserves are funds set aside to cover anticipated liabilities, not necessarily money that can be accessed immediately. Profitability relates to earning more than expenses, not the capacity to meet cash needs.

8. Which arrangement allows a lender to hold a temporary interest in a life insurance policy as security for a loan?

- A. Collateral assignment**
- B. Absolute assignment**
- C. Beneficiary designation change**
- D. Trust assignment**

Collateral assignment allows the lender to hold a security interest in the policy's benefits while the policy owner retains ownership. This arrangement gives the lender rights to the policy's death benefit up to the amount of the loan to secure repayment. If the loan is repaid, the assignment is released, and the owner's full rights remain intact. If the borrower dies before repayment, the death benefit is paid to the lender to cover the outstanding loan balance, with any excess going to the owner or other beneficiaries. This differs from an absolute assignment, which would transfer ownership of the policy to the lender; a beneficiary designation change, which merely alters who receives the proceeds; and a trust assignment, which involves a more complex trust arrangement not typically used to secure a standard loan.

9. All of the following plans allow for employee contributions to be taken on a pre-tax basis EXCEPT

- A. Health Savings Account**
- B. Health Reimbursement Arrangement Plan**
- C. Flexible Spending Account**
- D. Health Care Savings Plan**

All the major health savings and spending accounts let employees contribute pre-tax funds, reducing current taxable income. A Health Savings Account and a Flexible Spending Account both operate as part of a cafeteria plan, where the employee can forego part of their paycheck and contribute before taxes are applied. In contrast, a Health Reimbursement Arrangement is funded by the employer only; employees don't contribute pre-tax dollars to an HRA. Reimbursements from an HRA are tax-free, but there are no employee pre-tax contributions to the plan. Therefore, the Health Reimbursement Arrangement Plan is the exception.

10. In replacing an existing life policy with a new policy, who must provide the notice of replacement to be signed by the applicant?

- A. insurer**
- B. applicant**
- C. broker**
- D. producer**

When you replace an existing life policy with a new one, a Notice Regarding Replacement must be given to the applicant. The producer (the licensed agent or broker handling the sale) is the one who provides that notice and obtains the applicant's signature. This ensures the applicant is informed about the implications of the replacement and can compare how the new policy differs from the old one before proceeding. The applicant signs to acknowledge receipt, and a copy of the notice is kept for records. While the insurer may provide forms or information, the act of delivering the notice and securing the signature rests with the producer.

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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://louisianaseries103.examzify.com>

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

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