

LOUISIANA SERIES 103 – LIFE, HEALTH, AND ACCIDENT OR SICKNESS INSURANCE 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 term describes the professional liability for mistakes in putting a policy into effect?**
 - A. Insurance fraud
 - B. Fiduciary liability
 - C. General liability
 - D. Errors and Omissions

- 2. Which statement correctly describes accelerated benefits in life insurance?**
 - A. They are paid only at death
 - B. They do not affect the death benefit
 - C. They are always tax-free
 - D. They reduce the death benefit by the amount paid

- 3. Upon applying for health insurance, a proposed insured treated for heart disease within the past year has indicated what condition?**
 - A. Medical underwrite flag
 - B. Pending approval
 - C. Preexisting condition
 - D. Wellness exclusion

- 4. The authority granted to a licensed producer is provided via the**
 - A. Written Contract
 - B. Regulations
 - C. Law of Agency
 - D. Civil Code

- 5. Under the Fair Credit Reporting Act, what is the maximum penalty that may be imposed on a producer who obtains Consumer Information Reports under false pretenses?**
 - A. \$1,000
 - B. \$50,000
 - C. \$5,000
 - D. \$100,000

6. **Grace period concept: What term describes the period after the premium due date during which a policy remains in force?**
- A. Lapse
 - B. Reinstatement
 - C. Grace Period
 - D. Cancellation
7. **Lorenzo is self employed with an S corporation. He is unmarried and had a net profit for the year. What are the tax ramifications of his health insurance premiums paid for the year?**
- A. 50% of his health insurance costs can be deducted
 - B. 25% of his health insurance costs can be deducted
 - C. 100% of his health insurance costs can be deducted from his gross income
 - D. 0% can be deducted
8. **A licensed producer MUST be ____ by an insurer to be eligible for soliciting insurance contracts**
- A. Licensed
 - B. Appointed
 - C. Insured
 - D. Authorized
9. **A life insurance policy that is subject to a contract interest rate is referred to as**
- A. Universal Life
 - B. Indexed Life
 - C. Variable Life
 - D. Whole Life
10. **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

Answers

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

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Explanations

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1. Which term describes the professional liability for mistakes in putting a policy into effect?

- A. Insurance fraud
- B. Fiduciary liability
- C. General liability
- D. Errors and Omissions**

The idea being tested is professional liability for mistakes made while providing a service. Errors and Omissions liability covers claims arising from mistakes, oversights, or negligence in performing professional duties—like an insurance agent incorrectly putting a policy into effect, misplacing coverage, or failing to apply the right endorsements. This protection helps with defense costs and damages when a client suffers a loss due to those mistakes. Insurance fraud is about criminal deceit to gain something unlawfully. Fiduciary liability comes from mishandling someone else's money in a fiduciary role. General liability covers injuries or property damage to others arising from normal business operations. None of these address mistakes in delivering professional services like placing a policy, which is why the correct term is Errors and Omissions.

2. Which statement correctly describes accelerated benefits in life insurance?

- A. They are paid only at death
- B. They do not affect the death benefit
- C. They are always tax-free
- D. They reduce the death benefit by the amount paid**

Accelerated benefits are living benefits that let you access part of the life insurance death benefit while the insured is still alive, usually for a terminal, chronic, or critical illness or for long term care needs. Because this is an advance on the amount that would be paid to beneficiaries later, the sum received is subtracted from the death benefit that would be paid at death. For example, if you have a \$500,000 policy and take \$100,000 as an accelerated benefit, the death benefit at the insured's death would be reduced to \$400,000 (assuming no other changes). Tax treatment can vary and isn't guaranteed to be always tax-free; some accelerated benefits may be tax-free under certain IRS rules or policy specifics, but that depends on the situation and policy rider.

3. Upon applying for health insurance, a proposed insured treated for heart disease within the past year has indicated what condition?

- A. Medical underwrite flag
- B. Pending approval
- C. Preexisting condition**
- D. Wellness exclusion

Preexisting condition is a medical condition that exists before the policy starts and for which treatment or medical advice occurred within a look-back period. Since the proposed insured was treated for heart disease within the past year, that condition would be considered preexisting. The other terms don't name the condition itself: a medical underwriting flag is an underwriting note, pending approval isn't the standard label for the condition, and a wellness exclusion refers to limits tied to wellness programs, not the general status of a prior diagnosis.

4. The authority granted to a licensed producer is provided via the

- A. Written Contract
- B. Regulations
- C. Law of Agency**
- D. Civil Code

The authority for a licensed producer to act on behalf of an insurer comes from the agency relationship between the insurer (the principal) and the producer (the agent). This is governed by the law of agency, which defines what an agent is permitted to do, including express authority stated in the agency contract, implied authority that is reasonably necessary to perform duties, and apparent authority that arises from the principal's representations to third parties. A written agency contract often sets out specific powers, but the legal basis for those powers—and the insurer's liability for the agent's actions within that scope—comes from agency law. Regulations govern licensing and ethical rules, not the fundamental grant of authority. The Civil Code covers general contract principles, but the authority specific to representing an insurer is determined by the law of agency.

5. Under the Fair Credit Reporting Act, what is the maximum penalty that may be imposed on a producer who obtains Consumer Information Reports under false pretenses?

- A. \$1,000
- B. \$50,000
- C. \$5,000**
- D. \$100,000

Under the Fair Credit Reporting Act, Consumer Information Reports may be accessed only for a permissible purpose. When a producer obtains a report under false pretenses, that use is a willful violation and carries a civil penalty up to five thousand dollars for each violation. This per-violation cap is why five thousand is the best answer: it reflects the statutory maximum for this type of misuse. Remember that penalties can accumulate if there are multiple improper requests, and consumers may also seek actual damages and attorney's fees in addition to these penalties.

6. Grace period concept: What term describes the period after the premium due date during which a policy remains in force?

- A. Lapse
- B. Reinstatement
- C. Grace Period**
- D. Cancellation

The period after the premium due date during which the policy remains in force is the grace period. During this time, the policy still provides coverage even though the premium hasn't been paid yet. If a claim is paid during the grace period, the overdue premium is deducted from the benefit. If the premium isn't paid by the end of the grace period, the policy may lapse and coverage can end, though reinstatement might be possible by paying the overdue premium and meeting any underwriter requirements. Lapse describes ending coverage due to nonpayment after the grace period, while cancellation ends the policy outright, and reinstatement is the process to bring a lapsed policy back.

7. Lorenzo is self employed with an S corporation. He is unmarried and had a net profit for the year. What are the tax ramifications of his health insurance premiums paid for the year?

- A. 50% of his health insurance costs can be deducted
- B. 25% of his health insurance costs can be deducted
- C. 100% of his health insurance costs can be deducted from his gross income**
- D. 0% can be deducted

The key idea is the self-employed health insurance deduction. If you're self-employed and have net earnings from your business, you can deduct 100% of the health insurance premiums you paid for yourself, your spouse, and your dependents as an above-the-line deduction. This means the premium reduces your gross income to arrive at your adjusted gross income, even if you don't itemize deductions. In Lorenzo's case, he has net profit from his self-employment, so he is eligible to deduct the full amount of his health insurance premiums for the year. This deduction lowers his gross income for tax purposes, which can also influence other tax calculations that use AGI. The other options aren't correct because there isn't a 50% or 25% limit for this deduction, and with net profit, a 0% deduction would not apply. The important point is that the self-employed health insurance deduction, when there is net earnings, allows a full 100% deduction of the premiums paid.

8. A licensed producer MUST be ____ by an insurer to be eligible for soliciting insurance contracts

- A. Licensed
- B. Appointed**
- C. Insured
- D. Authorized

Being appointed by an insurer gives a licensed producer the authority to solicit insurance contracts on that insurer's behalf. This appointment is a formal agency relationship in which the insurer authorizes the producer to represent its products, solicit applications, and bind coverage within the scope of the appointment. Licensing alone allows you to sell, but you must be appointed by each insurer you represent in order to solicit contracts for them. The other options don't fit this specific role—being insured describes the customer, and "authorized" isn't the standard term used to describe the required relationship between a producer and an insurer.

9. A life insurance policy that is subject to a contract interest rate is referred to as

- A. Universal Life**
- B. Indexed Life
- C. Variable Life
- D. Whole Life

The key idea is how the cash value earns interest. In universal life, the cash value is credited with interest at a rate defined in the policy—the contract interest rate. This rate is specified by the insurer and can be adjusted, usually with a guaranteed minimum, but it isn't tied to market performance. That contract-based crediting sets universal life apart from other types. Whole life generally uses a guaranteed fixed rate, but it isn't described in terms of a contract-rate credit in the same way universal life is. Variable life ties cash value to the performance of separate investment accounts, and indexed life ties credited interest to a market index with caps and participation rates. So the policy described as subject to a contract interest rate is universal life.

10. 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.

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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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