

# Texas General Lines - Life, Accident, and Health Insurance (LAH05) Practice Test (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. The Commissioner may examine the records of an insurance company to determine the company's what?**
  - A. Solvency**
  - B. Liquidity**
  - C. Market Share**
  - D. Customer Satisfaction**
  
- 2. Under the Texas Insurance code, an insurance company must pay death benefits for suicide if the policy has been in force for...**
  - A. 6 months**
  - B. 1 year**
  - C. 2 years**
  - D. 3 years**
  
- 3. Which policy pays out after the death of the last insured?**
  - A. Joint Life Policy**
  - B. Survivorship Policy**
  - C. Term Life Policy**
  - D. Survivorship Life Policy**
  
- 4. A Variable Life policy includes which premium structure?**
  - A. Fixed, level premium**
  - B. Flexible premium**
  - C. Increasing premium over time**
  - D. No premium required**
  
- 5. In a group life policy, which document evidences an individual's coverage?**
  - A. Master policy**
  - B. Certificate of coverage**
  - C. Endorsement**
  - D. Declarations page**

- 6. To whom must an insurance company send a notice of termination?**
- A. The Commissioner of Insurance**
  - B. Texas Department of Insurance**
  - C. The State Board of Insurance**
  - D. Department of Financial Services**
- 7. The premiums paid by an employer for group life insurance are usually considered to be...**
- A. Tax-deductible to the employer**
  - B. Taxable to the employee**
  - C. Non-deductible**
  - D. Tax credits**
- 8. Boycott, coercion, and intimidation that result in the unreasonable restraint of trade are prohibited under the Texas Insurance Code covering.....**
- A. unfair methods of competition**
  - B. fraudulent claims practices**
  - C. misrepresentation of policy**
  - D. solicitation of rebates**
- 9. Which policy is designed to cover two lives and pay only after the second death?**
- A. Joint Life Policy**
  - B. Survivorship Life Policy**
  - C. Term Life Policy**
  - D. Universal Life Policy**
- 10. Which statement best describes Credit Life Insurance issued to a debtor?**
- A. It pays a lump sum to the insured's beneficiaries**
  - B. It covers medical expenses unrelated to the loan**
  - C. It pays out if the installment loan balance is fully repaid**
  - D. It is issued on a debtor to cover outstanding balances on installment loans**

## Answers

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

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## **Explanations**

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**1. The Commissioner may examine the records of an insurance company to determine the company's what?**

- A. Solvency**
- B. Liquidity**
- C. Market Share**
- D. Customer Satisfaction**

Regulators examine an insurer's records to assess its financial strength and ability to pay claims, i.e., solvency. Solvency means the insurer's assets are sufficient to cover liabilities and reserves for future policy obligations. By reviewing financial statements, reserves, reinsurance, and capital levels, the commissioner can spot potential solvency problems and act to protect policyholders. Market share and customer satisfaction relate to market position and service quality, not the insurer's ability to meet obligations. Liquidity concerns cash availability, but solvency is the broader measure of whether the company can fulfill its long-term commitments.

**2. Under the Texas Insurance code, an insurance company must pay death benefits for suicide if the policy has been in force for...**

- A. 6 months**
- B. 1 year**
- C. 2 years**
- D. 3 years**

Key concept: the suicide provision in a Texas life insurance policy and how the initial period after issue affects payout. In Texas, if the insured dies by suicide within the first two years the policy is in force, the insurer typically does not pay the full death benefit (often only a refund of premiums or a limited amount). After the policy has been in force for two years, the suicide exclusion no longer applies, and the death benefit must be paid in full regardless of suicide. This two-year window protects the insurer during underwriting while ensuring beneficiaries receive the full payout once that period is past. So, death benefits for suicide are payable once the policy has been in force for two years (or more).

**3. Which policy pays out after the death of the last insured?**

- A. Joint Life Policy**
- B. Survivorship Policy**
- C. Term Life Policy**
- D. Survivorship Life Policy**

Payout timing for policies covering two lives depends on whether the benefit triggers at the first death or the second death. A survivorship life policy pays the death benefit only after both insured individuals have died, which is why it's often used for estate planning and providing liquidity to heirs after the second death. The other types work differently: a joint life policy pays out when the first insured dies, providing funds right away to the survivor; a term life policy pays only if a death occurs during the term and then ends. Some refer to survivorship arrangements as survivorship policies, but the standard term that matches "pays after the death of the last insured" is survivorship life.

**4. A Variable Life policy includes which premium structure?**

- A. Fixed, level premium**
- B. Flexible premium**
- C. Increasing premium over time**
- D. No premium required**

Variable Life uses a fixed, level premium structure. The policy requires payments of the same amount each period, while the cash value and the death benefit can vary based on how the funds in the separate accounts perform. Flexible premiums are a feature of Universal Life or Variable Universal Life, not traditional Variable Life. Increasing premiums over time aren't standard for Variable Life, and no premium would leave the policy unpaid and at risk of lapse. Therefore, the premium remains fixed and level.

**5. In a group life policy, which document evidences an individual's coverage?**

- A. Master policy**
- B. Certificate of coverage**
- C. Endorsement**
- D. Declarations page**

In group life insurance, the master policy is the contract between the insurer and the employer. The document that proves an individual is covered is the certificate of coverage; it is issued to the employee and outlines the coverage amount, effective date, and key terms for that person. The master policy isn't used as the individual's proof of coverage, endorsements modify policy terms, and the declarations page shows general policy details rather than evidence of an individual's coverage.

**6. To whom must an insurance company send a notice of termination?**

- A. The Commissioner of Insurance**
- B. Texas Department of Insurance**
- C. The State Board of Insurance**
- D. Department of Financial Services**

Regulatory actions like terminating a license or appointment are filed with the state's insurance regulator. In Texas, that regulator is the Texas Department of Insurance, which maintains licensure records and oversees compliance. Sending the notice of termination to this department ensures the official records are updated and the action is properly tracked. The Commissioner of Insurance heads the department, but notices are directed to the department itself, not to the individual commissioner. The other options aren't correct because there isn't a separate Texas "State Board of Insurance," and the Department of Financial Services is not the Texas insurance regulator.

**7. The premiums paid by an employer for group life insurance are usually considered to be...**

- A. Tax-deductible to the employer**
- B. Taxable to the employee**
- C. Non-deductible**
- D. Tax credits**

Employer-paid group life insurance premiums are treated as a deductible business expense for the employer. This means the employer can deduct the premiums on its taxes as a normal operating expense. For the employee, the benefit is generally tax-free up to \$50,000 of coverage; any coverage over that amount can be treated as taxable income to the employee (imputed income). So, the premiums are usually considered tax-deductible to the employer.

**8. Boycott, coercion, and intimidation that result in the unreasonable restraint of trade are prohibited under the Texas Insurance Code covering.....**

- A. unfair methods of competition**
- B. fraudulent claims practices**
- C. misrepresentation of policy**
- D. solicitation of rebates**

The key idea is that actions like boycotts, coercion, and intimidation that unreasonably restrain trade are considered unfair methods of competition. This part of the Texas Insurance Code targets anticompetitive behavior among insurers and producers, preventing those actions from stifling competition. The other choices describe deceptive or fraudulent conduct in different contexts—misrepresenting policy terms, fraudulent claims practices, or offering rebates to secure business—handled under separate provisions focused on deception or improper inducements rather than restraint of trade. So the best fit is unfair methods of competition, which specifically covers actions that unlawfully restrain trade.

**9. Which policy is designed to cover two lives and pay only after the second death?**

- A. Joint Life Policy**
- B. Survivorship Life Policy**
- C. Term Life Policy**
- D. Universal Life Policy**

The main idea here is a life insurance setup for two people that pays out only after both have died. This is a survivorship or second-to-die policy. It covers two lives, but the death benefit isn't triggered by the first death; it's paid when the second insured person dies. This structure makes the policy especially useful for estate planning, providing liquidity to cover estate taxes, final expenses, or to leave inheritance to heirs after both spouses (or both individuals) have passed away. Since the benefit is tied to the second death, the policy can be more cost-effective than purchasing two separate policies, and it's not designed to provide a payout upon the first death. This differs from a joint life policy, which pays on the first death, and from term or universal life policies, which aren't inherently designed to cover two lives with a payout after the second death.

**10. Which statement best describes Credit Life Insurance issued to a debtor?**

- A. It pays a lump sum to the insured's beneficiaries**
- B. It covers medical expenses unrelated to the loan**
- C. It pays out if the installment loan balance is fully repaid**
- D. It is issued on a debtor to cover outstanding balances on installment loans**

Credit Life Insurance issued to a debtor is designed to protect the loan by ensuring the outstanding loan balance is paid if the borrower dies. The policy is issued to the debtor with the loan as the focus, and the benefit is used to settle the installment loan with the lender, not to provide a cash lump sum to the insured's beneficiaries. It isn't intended to cover unrelated medical expenses, and the payout isn't conditioned on the loan being fully repaid by the borrower; it pays when the insured dies to reduce or eliminate the remaining debt. This alignment with the debt makes it the best description of this coverage.

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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](mailto:hello@examzify.com).**

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

**<https://txgenlineslah05.examzify.com>**

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

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