# Health Insurance Cheat Sheet 2026

The night-before summary, built like the exam.

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|---|---|---|
| **—** Scored questions | **—** Time limit | **70%** Passing score |
| **$50** Exam fee | **State DOI** Governing body | |

## 01 Exam blueprint study by weight

The bar is the exam — spend your hours where the questions are. Weights follow the 2026 outline.

**18% Riders, Provisions & Exclusions (~27 q) —** Waiver of premium, GIR, accidental death riders · Nonforfeiture options: cash · reduced paid-up · extended term · Dividend options; loan & automatic premium loan

**17% Life Policy Types (~26 q) —** Term (level/decreasing/renewable) vs whole vs universal · Variable products = securities registration required · Annuities: immediate/deferred · fixed/indexed/variable

**15% Life Insurance Basics (~22 q) —** Insurable interest at application; consideration · Underwriting, conditional receipts, backdating limits · Human life value vs needs approach

**15% Health Policy Provisions (~22 q) —** 12 mandatory uniform provisions (grace, reinstatement…) · Renewability ladder: cancellable -> guaranteed renewable · Coordination of benefits; pre-existing limits

**13% State Law & Ethics (~20 q) —** Producer licensing, appointments, continuing ed · Unfair trade practices: rebating, twisting, churning · Your state's variant changes this section

**12% Health & Disability Basics (~18 q) —** Deductible -> coinsurance -> stop-loss math · Own-occ vs any-occ disability definitions · HMO / PPO / POS network rules

**10% Medicare, Medicaid & LTC (~15 q) —** Parts A–D · Medigap open enrollment (6 mo from Part B) · LTC benefit triggers = 2 of 6 ADLs

## 02 Numbers to memorize

- [ ] **Grace periods —** 7 days weekly · 10 days monthly · 31 days all other modes
- [ ] **Free look —** 10 days standard · 30 days for replacements & senior products
- [ ] **Incontestability —** 2 years from issue — then insurer can't void for misstatements
- [ ] **Reinstatement —** 3 years · proof of insurability + back premiums with interest
- [ ] **COBRA —** 18 months after job loss · 36 for divorce or death of employee
- [ ] **Medigap open enrollment —** 6 months from Part B enrollment — no underwriting

## 03 Rules that trip people

- [ ] **Insurable interest —** must exist at APPLICATION for life — not at time of death
- [ ] **Conditional receipt —** coverage only if the risk is approved as applied for
- [ ] **STOLI / IOLI —** always illegal — investors have no insurable interest
- [ ] **Misstatement of age —** benefit adjusts to what the premium would have bought
- [ ] **Dividends —** not taxable (return of premium) — but interest earned on them is
- [ ] **Replacement duty —** Notice Regarding Replacement + copies of all sales material

## 04 Common traps what test-writers bet you'll get wrong

| | | |
|---|---|---|
| T1 | Sounds right — "the free look period starts at application" | Exam wants — it starts at policy DELIVERY (10 days; 30 for replacements) |
| T2 | Sounds right — "universal life premiums are fixed" | Exam wants — UL premiums are FLEXIBLE — whole life is the fixed one |
| T3 | Sounds right — "a variable annuity just needs an insurance license" | Exam wants — it's a security — FINRA registration required too |
| T4 | Sounds right — "Medicare Part B covers the hospital stay" | Exam wants — Part A = hospital inpatient · Part B = outpatient/medical |
| T5 | Sounds right — "term life builds some cash value over time" | Exam wants — term is pure protection — zero cash value, ever |
| T6 | Sounds right — "guaranteed insurability rider requires new underwriting" | Exam wants — that's the point of the rider — more coverage, NO new proof |

## 05 Side-by-sides the exam loves

| | Term | Whole | Universal |
|---|---|---|---|
| Premium | Lowest; level for the term | Level, highest; fixed for life | Flexible — payer adjusts |
| Duration | 10–30 yrs, then expires | Lifetime (to age 100/121) | Lifetime if adequately funded |
| Cash value | None | Guaranteed, tax-deferred | Current interest, not guaranteed |
| Best when | "Temporary need" · "most coverage per dollar" | "Permanent need" · "guaranteed values" | "Flexible premium" · "adjustable death benefit" |

Keyword decoder — the question's adjective is the answer: temporary/cheapest -> Term · lifetime/guaranteed -> Whole · flexible/adjustable -> Universal.

## 06 Full write-up

Note: State-specific numbers (passing scores, license fees, CE hours, continuing-education deadlines, and statutory citations) vary by jurisdiction and are not asserted here. Confirm every number against your state's official exam outline before test day.

### Core Policy Provisions (Know Cold)

- Insuring clause — states the insurer's basic promise to pay.
- Consideration clause — the exchange of premium (applicant) for the promise to pay (insurer).
- Free-look period — right to return the policy for a full refund shortly after delivery.
- Grace period — time after a due date in which a late premium keeps coverage in force.
- Reinstatement — restoring a lapsed policy, typically requiring back premium and evidence of insurability.
- Incontestability — after a set period, the insurer generally cannot void the policy for misstatements.
- Elimination (waiting) period — days of disability before benefits begin; longer period = lower premium.

### Types of Health Coverage

- Medical expense — HMO, PPO, POS, EPO, high-deductible plans.
- Disability income — replaces lost earnings (short-term vs. long-term; own-occupation vs. any-occupation).
- Long-term care (LTC) — custodial and skilled care not covered by standard medical plans.
- Supplemental — Medicare Supplement (Medigap), dental, vision, critical illness, accident.

## Cost-Sharing Terms

- Premium — what you pay to keep coverage.
- Deductible — paid before the plan starts paying.
- Copay — flat fee per service.
- Coinsurance — percentage split after the deductible (e.g., plan pays the larger share, insured the rest).
- Out-of-pocket maximum — annual ceiling on the insured's cost sharing; the plan pays 100% of covered services afterward.

## Managed Care — Quick Contrast

- HMO — lowest cost, requires PCP/gatekeeper, in-network only, referrals for specialists.
- PPO — more flexibility, no referral needed, out-of-network allowed at higher cost.
- POS — hybrid: PCP gatekeeper like an HMO but permits out-of-network like a PPO.
- EPO — in-network only (like HMO) but usually no referral requirement.

## Underwriting & Application Concepts

- Representations vs. warranties — statements believed true vs. statements guaranteed true.
- Material misrepresentation — a false statement that affects the risk decision; can void coverage.
- Concealment — deliberately withholding a material fact.
- Adverse selection — the tendency of higher-risk individuals to seek coverage.
- Field underwriting — the producer's role in collecting accurate application information.

## Key Federal Frameworks (Conceptual)

- Guaranteed issue / no pre-existing-condition exclusions — core consumer-protection concept in modern individual major medical.
- Continuation of coverage — the right of eligible individuals to continue group coverage after qualifying events.
- Portability & privacy — protection of health information and continuity when changing plans.
- Coordination of benefits (COB) — rules preventing duplicate payment when covered by more than one plan.

## Producer Ethics & Law (High-Yield)

- Fiduciary duty — act in the client's best interest; handle premiums as trust funds.
- Fair dealing prohibitions — no rebating, twisting (misleading replacement), churning, defamation, or coercion.
- Suitability — recommend coverage appropriate to the client's needs and ability to pay.
- Errors & omissions (E&O) — professional liability protection for the producer.

## Test-Day Strategy

- Read every question for qualifiers — "except," "not," "always," "never" flip the correct answer.
- Eliminate two obviously wrong choices first, then decide between the remaining two.
- Distinguish who pays (insured vs. insurer) and when (before vs. after the deductible).
- Answer every question — there is typically no penalty for guessing; flag and return to hard ones.

## Official sources

- PSI — PSI Test Takers — Exam Scheduling: https://test-takers.psiexams.com/
- Texas Department of Insurance — TDI — Become a Licensed Agent: https://www.tdi.texas.gov/agent/index.html
- NIPR — National Insurance Producer Registry: https://nipr.com/

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Free practice questions for this exam: www.everyexamprep.com/practice/exams/insurance/health-insurance-license