Life Insurance Cheat Sheet 2026

The night-before summary, built like the exam.

— 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

Must-Remember Numbers

- Passing score: 70% — this is the typical minimum required to pass.
- Pre-licensing coursework: required in many states before you can sit for the exam (hour totals vary by state — confirm your state's requirement).

Exam-Day Rules

- Aim well above 70% on practice tests — a 5–10 point buffer absorbs a bad topic on test day.
- Complete your state-mandated pre-licensing hours before scheduling; a completion certificate is usually needed to register.
- Answer every question — most licensing exams do not penalize wrong guesses, so never leave a blank.

Core Concepts to Master

- Policy types: Term (temporary, no cash value), Whole Life (permanent, fixed premium, guaranteed cash value), Universal Life (flexible premium/death benefit), Variable Life (cash value tied to sub-accounts).
- The three parties: Insured (life covered), Policyowner (holds the rights), Beneficiary (receives the death benefit).
- Riders: Waiver of Premium, Accidental Death, Guaranteed Insurability, Accelerated Death Benefit.
- Contract law elements: offer & acceptance, consideration, competent parties, legal purpose.

- Insurable interest must exist at policy inception.

High-Frequency Traps

- Distinguish Guaranteed vs. Non-guaranteed policy elements (guaranteed = contractually fixed; dividends and current UL rates are not guaranteed).
- Know the free-look period concept (return the policy for a full refund) and grace period (coverage stays in force while a late premium is paid).
- Underwriting classifies risk; the producer represents the insurer, not the client.

Study Priority

- Weight your prep toward policy provisions, riders, and state law — these dominate the question pool.
- Since 70% passes, target consistent 80%+ practice scores before booking the real exam.

Official sources

- Pennsylvania exam authority — Pennsylvania state exam spec: https://www.insurance.pa.gov/
- New York exam authority — New York state exam spec: https://www.dfs.ny.gov/
- Illinois exam authority — Illinois state exam spec: https://idoi.illinois.gov/

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