EVERY EXAM PREP · CHEAT SHEET

Life-Only Insurance Cheat Sheet 2026

The night-before summary, built like the exam.

80 Scored questions	**2h** Time limit	**70% (60% in CA)** Passing score
$39 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

Exam Snapshot

- 80 scoreable questions
- 120 -minute time limit
- Exam fee: $39

Life Insurance Policy Types

- Term: covers a specified period, death benefit only if death occurs within term, no cash value — cheapest per dollar of coverage
- Decreasing term: death benefit shrinks over time; common for mortgage protection
- Whole life: level premium, guaranteed death benefit, guaranteed cash value on a fixed schedule; cash value = face amount at maturity (age 100 or 121)
- Universal life: flexible premiums/death benefit; splits mortality, expense, interest; cash value earns current rate with a guaranteed minimum
- Variable life: cash value in separate-account subaccounts; owner bears investment risk; it's a security — needs FINRA registration + life license

Policy Provisions

- Grace period: 30 or 31 days after missed premium — coverage stays in force
- Incontestability: after 2 years in force, insurer can't contest for misstatement/concealment (except nonpayment)
- Suicide clause: excludes suicide in first 2 years; insurer liable only for refund of premiums
- Misstatement of age/sex: death benefit adjusted to what premium would've bought at correct age
- Nonforfeiture options: cash surrender, reduced paid-up insurance, or extended term

Riders

- Waiver of premium: waives premiums if insured becomes totally disabled
- Guaranteed insurability: buy more coverage at set intervals, no evidence of insurability
- Accelerated death benefit: advances part of death benefit if terminally ill

Underwriting & Beneficiaries

- Insurable interest needed only at policy inception, not at time of loss
- Everyone has unlimited insurable interest in their own life
- Risk classes: preferred, standard, substandard, or decline
- MIB: nonprofit database of coded medical impressions shared among insurers
- FCRA: insurer using a consumer/investigative report must notify applicant of info collected
- Primary beneficiary is first in line; contingent collects only if primary predeceases insured
- Revocable beneficiary: owner can change anytime. Irrevocable: needs beneficiary consent to change
- No surviving beneficiary -> proceeds go to insured's estate

Annuities

- Annuity = opposite of life insurance: turns a lump sum into income, protects against outliving assets
- Fixed: guaranteed minimum rate, insurer bears risk. Variable: separate accounts, owner bears risk, is a security (registration required)
- Life-only payout: largest payment, stops at death

Health, Disability & LTC

- Major medical: deductible + coinsurance + out-of-pocket max
- HMO: prepaid network care, PCP gatekeeper for referrals
- PPO: lower in-network cost-sharing, allows (pricier) out-of-network care
- Disability income: replaces lost earnings after elimination period; own-occ vs any-occ definitions
- LTC: covers custodial/skilled care; benefits trigger on inability to perform stated # of ADLs

Taxation — Memorize These

- Lump-sum death benefit to named beneficiary: generally income-tax-free
- Settlement option: principal tax-free, interest taxable
- Personal life premiums: never deductible
- MEC (fails 7-pay test): loans/withdrawals taxed LIFO + possible 10% penalty before age 59½
- Annuity payments: taxed via exclusion ratio (part return of principal, part taxable ordinary income)
- Annuity withdrawal before 59½: 10% penalty
- 1035 exchange: swap life/annuity contracts of like kind, no current tax
- Group life: first $50,000 employer-paid coverage tax-free; excess = imputed income

Official sources

- Texas DOI / Pearson VUE — Texas Life Agent Exam: https://www.pearsonvue.com/content/dam/VUE/vue/en/documents/publications/124400.pdf

- California Department of Insurance — Renew a License — Continuing Education: https://www.insurance.ca.gov/0200-industry/0050-renew-license/0300-cont-education/index.cfm
- California Legislature (Insurance Code) — California Insurance Code Section 1749.8 — Annuity Training: https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=1749.8.&lawCode=INS

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