EVERY EXAM PREP · CHEAT SHEET

# Health Insurance Cheat Sheet 2026

The night-before summary, built like the exam.

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

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/exams/health-insurance-license/practice-test