Life-Only Insurance Cheat Sheet 2026

The night-before summary, built like the exam.

80 Questions	**2h** Time limit	**70% (60% in CA)** Passing score
$39 Exam fee	**State DOI** Governing body	

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/exams/life-insurance-only/practice-test