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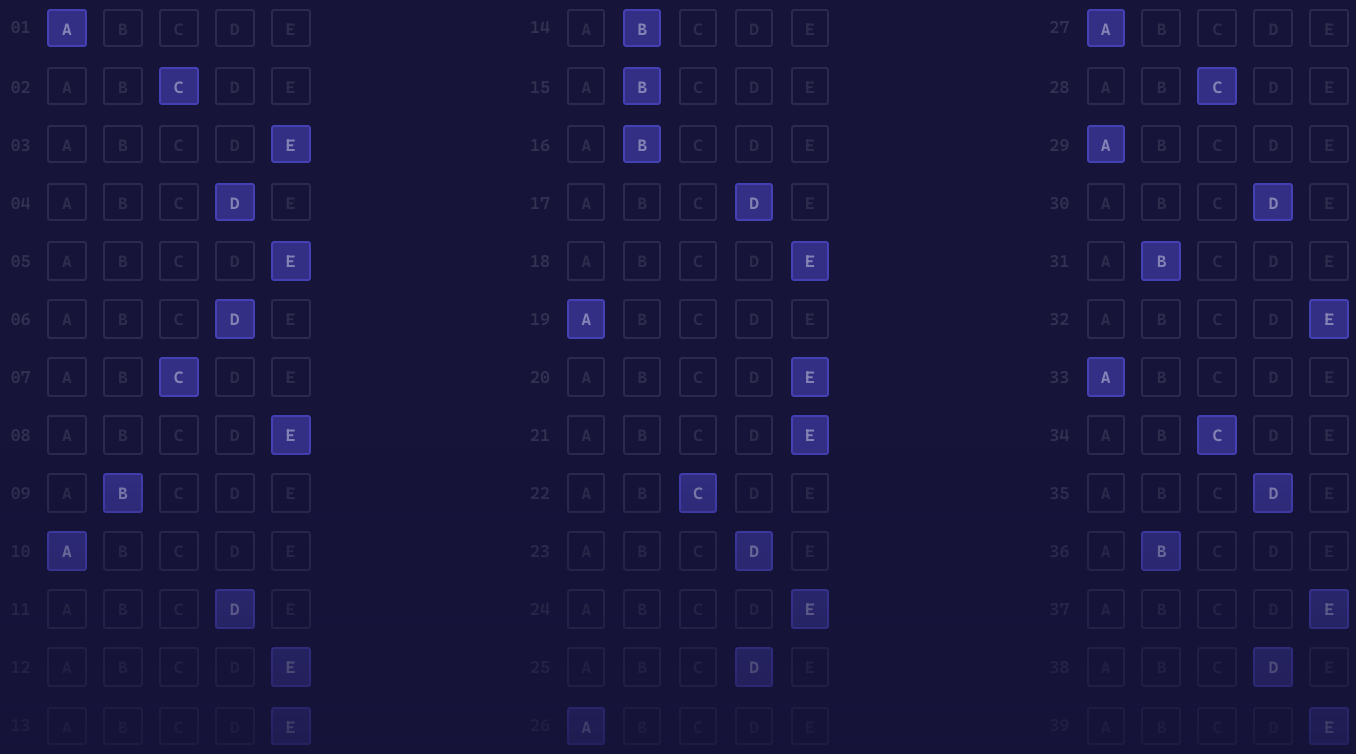

PRACTICE QUESTIONS

CALIFORNIA DEPARTMENT OF INSURANCE

JGLW6TSD

CDI Site - Accident and Health or Sickness Examination

EDITION	QUESTIONS	FORMAT
Demo	9	Limited Edition PDF

WEB www.mometrix.net

SUPPORT support@mometrix.net

Before you begin

What this is

9 practice questions for CALIFORNIA DEPARTMENT OF INSURANCE `JGLW6TSD`, each with its answer key and an explanation. Answer a question before you read its key — the explanation is worth more once you have committed.

If something looks wrong

Send us three things and we will check it:

- the exam code, `JGLW6TSD`
- the question number
- the email address on your order

Write to **support@mometrix.net**. We reply within one business day.

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QUESTION 1 SINGLE CHOICE

Under the California Insurance Code, an individual transacting accident and health insurance in California must hold which type of license issued by the California Department of Insurance?

A A Life-Only license with a sickness endorsement

B An Accident and Health (A&H) or Sickness license

C A Property and Casualty license with a health rider

D A Personal Lines license

ANSWER B

WHY The California Department of Insurance issues a separate Accident and Health or Sickness license for individuals selling these products. A Life-Only license covers life insurance and annuities but not A&H, and Property/Casualty and Personal Lines licenses do not authorize the sale of accident and health insurance in California.

QUESTION 2 SINGLE CHOICE

Which California regulation primarily governs the marketing, sales practices, and consumer protections for accident and health insurance policies sold in the state?

A The California Vehicle Code

B The California Health and Safety Code exclusively

C The California Insurance Code and Title 10 of the California Code of Regulations

D The federal Affordable Care Act only

ANSWER C

WHY The California Insurance Code, together with Title 10 of the California Code of Regulations (administered by the Department of Insurance), governs A&H insurance marketing, sales practices, and consumer protections. The Health and Safety Code primarily addresses facilities, not insurance, and the ACA supplements but does not replace state-level insurance regulation.

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QUESTION 3 SINGLE CHOICE

Which risk-handling technique involves transferring the financial consequences of a potential loss to another party?

A Risk avoidance

B Risk retention

C **Risk transfer through insurance**

D Risk reduction through loss control

ANSWER C

WHY Risk transfer through insurance shifts the financial burden of a covered loss from the insured to the insurer in exchange for premium. Risk avoidance eliminates exposure entirely, risk retention assumes the loss, and loss control reduces the probability or severity of loss without transferring it.

QUESTION 4 SINGLE CHOICE

A peril is best defined as which of the following?

A **The cause of a possible loss, such as a fire or illness**

B The specific dollar amount an insurer will pay for a claim

C The policyholder's request for coverage of a particular hazard

D A condition that increases the likelihood of loss

ANSWER A

WHY A peril is the cause of loss (e.g., fire, sickness, accident). The amount the insurer pays is the benefit/indemnity, a request for coverage is an application, and a condition that increases loss likelihood is a hazard. The exam distinguishes between perils, hazards, and risks.

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QUESTION 5 SINGLE CHOICE

Which type of policy pays a fixed daily or weekly benefit to an insured who is confined to a hospital, regardless of the actual hospital charges incurred?

A Major medical expense insurance

B Hospital indemnity (hospital confinement indemnity) insurance

C Medicare Supplement (Medigap) insurance

D Long-term care insurance

ANSWER B

WHY Hospital indemnity insurance pays a stated per-day or per-week benefit during hospital confinement, independent of actual charges. Major medical reimburses actual covered charges, Medigap covers Medicare cost-sharing, and long-term care covers extended custodial or skilled care needs.

QUESTION 6 SINGLE CHOICE

Which of the following best describes the purpose of a disability income insurance policy?

A To reimburse actual medical expenses incurred during an illness

B To replace a portion of lost earnings when the insured cannot work due to sickness or injury

C To pay a lump sum upon diagnosis of a specified critical illness

D To cover long-term custodial care in a nursing facility

ANSWER B

WHY Disability income insurance provides partial replacement of earned income when the insured is unable to perform occupational duties due to sickness or injury. Medical expense insurance reimburses costs, critical illness insurance pays a lump sum upon diagnosis of a covered condition, and long-term care insurance covers extended care services.

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QUESTION 7 SINGLE CHOICE

An A&H policy provision that permits the policyowner to return the policy within a specified period after delivery for a full refund of premium is called the:

A Reinstatement provision

B Free-look provision

C Grace period provision

D Incontestability provision

ANSWER B

WHY The free-look provision allows the policyowner to examine the policy for a stated period (typically at least 10 days) and return it for a full premium refund. Reinstatement restores a lapsed policy, the grace period extends the due date for premium payment, and incontestability limits the insurer's ability to void the policy after a period.

QUESTION 8 SINGLE CHOICE

In an A&H policy, the grace period provision primarily provides for:

A An extension of time after the premium due date during which the policy remains in force if the premium is paid

B A guaranteed right to renew the policy at the insured's option

C A waiver of premium if the insured becomes totally disabled

D A refund of unearned premium if the policy is surrendered

ANSWER A

WHY The grace period is a specified number of days (commonly 31 days for weekly premium policies) after the premium due date during which coverage continues if the premium is paid. It does not guarantee renewal, waive premium due to disability, or provide surrender refunds.

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QUESTION 9 MULTIPLE CHOICE

Which of the following are characteristics of a group accident and health insurance plan as typically issued under California law? (Choose two.)

A **Coverage is generally issued to a master policyholder, such as an employer, with certificates issued to covered individuals**

B The individual insured must always pass full underwriting on a guaranteed-issue basis

C **Premiums are commonly paid by the employer, the employee, or both**

D Each covered person is issued an individual policy with separately underwritten premiums

ANSWER **A · C**

WHY Group A&H coverage is typically issued to a master policyholder (often an employer or association) with individual certificates of coverage; underwriting, if any, occurs at the group level. Premiums may be paid entirely by the employer, entirely by the employee, or shared. Individual underwriting and individually issued policies characterize individual, not group, A&H coverage.

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