Life & Health Insurance License

California Life & Health insurance license exam

2026
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AH FUNDAMENTALS

- Federal COBRA applies only to employers with 20 or more employees. **Cal. Health & Safety Code §1366.20 et seq. (Cal-COBRA)**
- A core HMO feature is the gatekeeper PCP who coordinates and authorizes referrals to specialists. **Plan design – HMO vs. PPO**
- A Point of Service (POS) plan blends HMO and PPO features. **Plan design – POS**
- An HRA is funded solely by the employer (not by employee salary reductions) and is owned by the employer. **26 U.S.C. §105; IRS Notice 2002-45 (HRA)**
- A copayment (copay) is a fixed dollar amount the member pays at the time of service, regardless of total charges. **Cost-sharing definitions – copayment**
- The ACA prohibits both annual and lifetime dollar limits on Essential Health Benefits. **ACA – annual & lifetime limits (42 U.S.C. §300gg-11)**
- Divorce or legal separation is a qualifying event that affects spouses and dependent children. **COBRA qualifying events (29 U.S.C. §1163)**

AH PROVISIONS

- The UPPL, codified beginning at Cal. **Cal. Ins. Code §10350 et seq.**
- The incontestability window for individual A&H policies is two years from the date of issue. **Cal. Ins. Code §10350.2**
- The standard grace period is **7 days** for weekly mode, **10 days** for monthly mode, and **31 days** for all other modes. **Cal. Ins. Code §10350.3**
- The insurer must supply claim forms within **15 days** after receiving notice of claim. **Cal. Ins. Code §10350.6**
- The Misstatement of Age provision is a corrective remedy, not a voiding remedy. **Cal. Ins. Code §10369.7**
- A noncancellable policy locks both the premium and the renewal right.
- The birthday rule looks at the month and day of birth, not the year.

CA CODE

- Rebating is offering any valuable consideration outside the policy as an inducement to buy. **Cal. Ins. Code §750**
- §1749 sets the standard renewal CE requirement at **24 hours** per two-year period, of which at least **3 hours** must be ethics. **Cal. Ins. Code §1749**
- §10127.10 requires a 30-day free look for individual life and annuity policies sold to seniors 65+. **Cal. Ins. Code §10127.10**
- California defines a senior for these consumer-protection statutes as a person **65 years** of age or older. **Cal. Ins. Code §785**
- Under California law, insurable interest must exist at policy inception. **Cal. Ins. Code §10110.1**
- DMHC regulates HMOs and managed-care plans under the Knox-Keene Act. **Cal. Health & Safety Code §1340+ / Ins. Code §106**
- LTC policies issued in California must offer a 30-day right to return for a full refund. **Cal. Ins. Code §10232.25**

GROUP ANNUITIES

- In group life insurance the sponsoring employer (or association) is the policyowner and holds the single master contract. **Cal. Ins. Code §10202**
- California group life law requires a 31-day conversion privilege following termination of group coverage. **Cal. Ins. Code §10209**
- ERISA is administered chiefly by the U.S. **29 U.S.C. §1001 et seq.**
- An annuity is the mirror image of life insurance. **Cal. Ins. Code §10168.2**
- The annuitant is the natural person whose life is the measuring life for the payout calculation. **Cal. Ins. Code §10127.10**
- A fixed annuity credits a declared current rate that is never less than the guaranteed minimum stated in the contract. **Cal. Ins. Code §10168.25**
- A single premium annuity is purchased with one lump-sum payment. **Cal. Ins. Code §10127.13**

PRINCIPLES

- Only pure risk, which involves the chance of loss or no loss with no opportunity for gain, is insurable.
- A morale (attitudinal) hazard is the carelessness or indifference that arises because a person knows they are insured.
- Adverse selection is the tendency of poorer-than-average risks to seek and obtain insurance.
- California Civil Code §1550 requires offer/acceptance, consideration, competent parties, and a lawful object. **Cal. Civ. Code §1550**
- The applicant's consideration consists of the initial premium payment and the truthful statements made in the application.
- An insurance contract is unilateral because only the insurer makes a legally enforceable promise.
- A contract of adhesion is drafted by one party (the insurer) and offered on a take-it-or-leave-it basis.

SENIOR

- Part A is hospital insurance. **42 U.S.C. §1395c**
- Part B is medical insurance and covers outpatient services, physician visits, preventive care, and durable medical equipment. **42 U.S.C. §1395j**
- Part D is the prescription drug benefit. **42 U.S.C. §1395w-101**
- Persons under 65 qualify for Medicare after receiving SSDI benefits for **24 months**. **42 U.S.C. §426**
- AEP runs October 15 through December 7 each year. **42 C.F.R. §422.62**
- Federal law standardizes Medigap into ten lettered plans: A, B, C, D, F, G, K, L, M, and N. **42 U.S.C. §1395ss**
- Insurance Code §787 prohibits high-pressure or misleading tactics aimed at seniors. **Cal. Ins. Code §787**

DISABILITY LTC

- Insurers limit the benefit so that the insured still has a real financial reason to recover and return to work. **Industry underwriting standard**
- Short-term disability policies typically pay benefits for 3 to 26 weeks after a short elimination period of 0 to **14 days**. **Industry product convention**
- A COLA rider increases the monthly benefit during a long claim so that the payment keeps pace with inflation. **Industry rider convention**
- California requires every individual long-term care policy to include a 30-day free-look period. **Cal. Ins. Code §10232.7**
- California caps the pre-existing condition exclusion in an LTC policy at **6 months** from the policy's effective date. **Cal. Ins. Code §10232.3**

LIFE FUNDAMENTALS

- Decreasing term holds the premium level while the face amount drops over time. **Standard insurance principles**
- Option A (Type I) is the level death benefit choice in UL. **Standard insurance principles; Cal. Ins. Code §10540**
- The MIB is a clearinghouse of coded information that member insurers share to detect misrepresentation. **Fair Credit Reporting Act; Cal. Ins. Code §791 et seq.**
- In life insurance, insurable interest must exist at policy issue but does not have to continue afterward. **Cal. Ins. Code §10110**