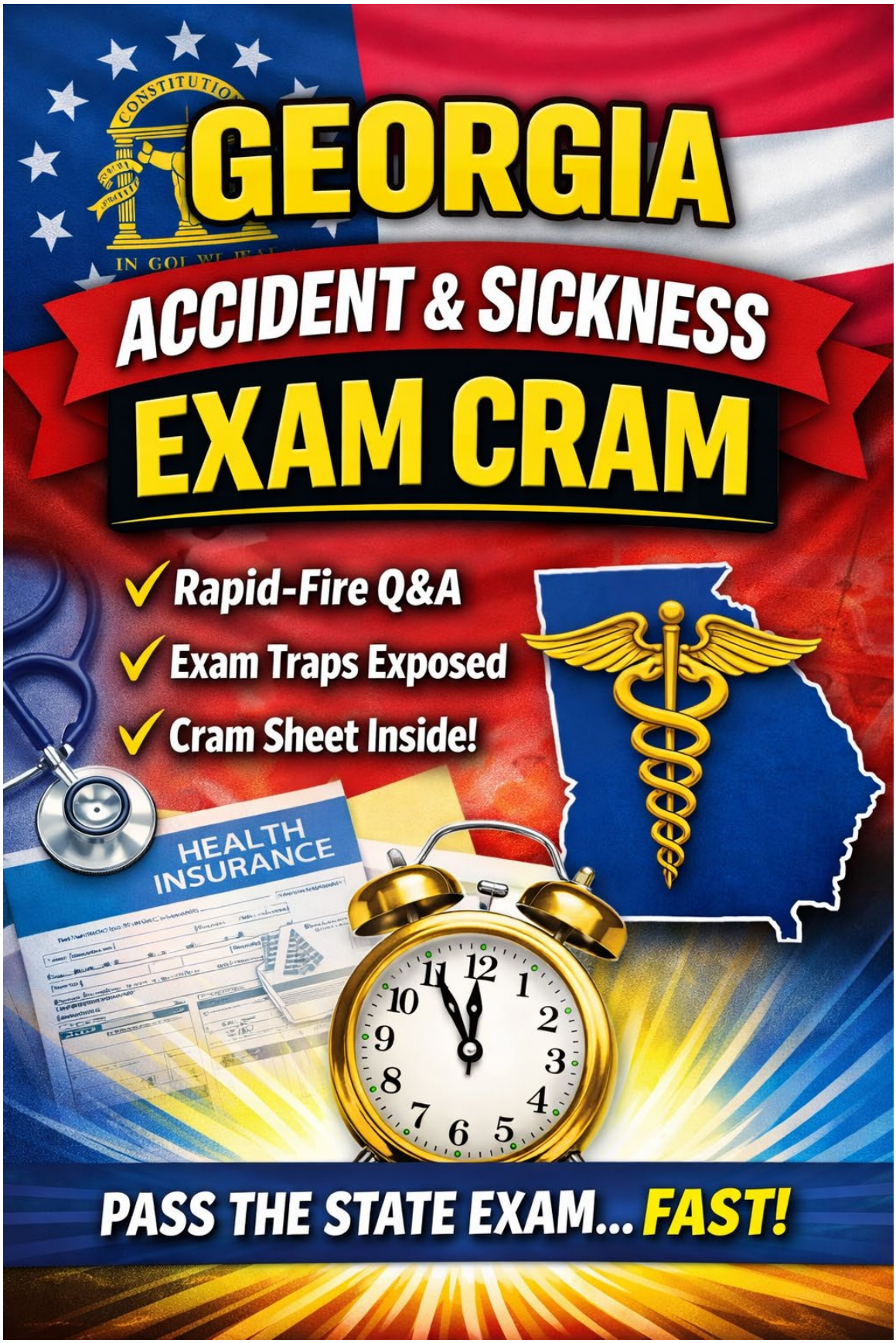
⭐ GEORGIA ACCIDENT & SICKNESS EXAM CRAM



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There are **only about 60–75 concepts** the Georgia Accident & Sickness exam pulls from, and they show up **over and over** in slightly different wording. Pearson VUE doesn't reinvent the wheel. They test the same predictable patterns.

Below is the **definitive list** of the **MOST LIKELY QUESTIONS** you will see on the Georgia A&S state exam — organized by section, written in the same conversational, instructor-led tone as your Exam Cram, and integrated with traps, triggers, and gotchas.

This is the list that makes students say: *"Oh wow… this is exactly what was on the exam."*

Let's go section by section.

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SECTION 1 — The Big Picture

When students first sit down to study Accident & Sickness insurance, they often feel overwhelmed. There are dozens of terms, timelines, contract rules, and policy types. But the Georgia exam isn't trying to trick them. It's trying to make sure they understand the core mechanics of how health insurance works. Once they understand the "big picture," everything else becomes easier.

Health insurance is simply a way to transfer financial risk. People face financial loss when they get sick, injured, or disabled. Instead of carrying that risk alone, they pay a premium to an insurance company. The insurer collects premiums from thousands of people and uses the law of large numbers to predict how many claims will occur. That's why insurance works: many people contribute small amounts so the insurer can pay large claims for the few who need it.

The exam tests whether the student understands this foundation. It tests whether they know what a deductible is, how coinsurance works, what a grace period is, and why reinstatement has a 10-day waiting period for sickness. It tests whether they know the difference between Medicare Parts A, B, C, and D. It tests whether they know what triggers long-term care benefits and how disability income policies define disability. And it tests whether they know Georgia's licensing rules, ethics requirements, and replacement procedures.

Once the student understands the core structure, the exam becomes predictable. That's the goal of this Exam Cram: to make the exam predictable.

Most Likely Exam Questions

The exam loves asking about the **nature of insurance contracts**. Expect questions like:

- "Which party makes legally enforceable promises in a unilateral contract?"
- "What does adhesion mean in a health insurance contract?"
- "What principle requires honesty from both parties?"
- "What allows insurers to predict losses?"
- "What happens if the insured lies on an application?"

Triggers & Gotchas

- "Unilateral" → insurer only
- "Adhesion" → take-it-or-leave-it
- "Utmost good faith" → honesty required
- "Law of large numbers" → predict losses
- Gotcha: Students confuse unilateral with conditional. Conditional = insured must meet conditions (pay premiums, file claims).

SECTION 2 — Core Health Insurance Concepts

Health insurance contracts have a personality. They behave in certain ways because the law requires them to. For example, health insurance contracts are unilateral. That means only the insurer makes legally enforceable promises. The insured doesn't promise anything except to pay premiums. If they stop paying, the insurer simply stops providing coverage.

These contracts are also contracts of adhesion. The insured doesn't negotiate the terms. They accept the contract exactly as written. If there's any ambiguity, courts interpret it in favor of the insured because the insurer wrote the contract.

Health insurance contracts are conditional. The insurer promises to pay claims, but only if the insured meets certain conditions. They must pay premiums on time. They must submit claims properly. They must provide proof of loss. They must cooperate with the insurer during the claims process.

And finally, these contracts rely on utmost good faith. Both parties must be honest. If the insured lies on an application, hides a medical condition, or commits fraud, the insurer can void the contract.

The exam loves these concepts because they form the legal backbone of health insurance.

Most Likely Exam Questions

Pearson VUE loves contract characteristics:

- "What type of contract is written entirely by the insurer?"

- “How are ambiguous terms interpreted?”
- “What type of contract requires the insured to meet certain obligations?”
- “What is misrepresentation?”
- “What is concealment?”

Triggers & Gotchas

- Ambiguity ALWAYS favors the insured.
- Conditional = insured must comply.
- Fraud = insurer can void the contract.
- Gotcha: Students think ambiguity favors the insurer. It never does.

SECTION 3 — Types of Accident & Sickness Policies

Every Accident & Sickness policy falls into one of a few categories, and once the student understands these categories, the exam becomes much easier.

Indemnity policies pay fixed amounts. If the policy says it pays $200 per day in the hospital, it pays $200 per day — even if the hospital charges $5,000. The exam often signals indemnity policies with phrases like “pays a set amount per day” or “pays a fixed benefit.”

Medical expense policies reimburse actual medical costs. These include hospital policies, surgical policies, physician services, and major medical plans. Major medical plans are the most comprehensive. They include deductibles, coinsurance, and high maximum limits. When the exam mentions deductibles and coinsurance together, it is almost always referring to major medical coverage.

Accident-only policies cover injuries caused by accidents. Illness is not covered. The exam often tests this distinction.

Critical illness policies pay a lump sum when the insured is diagnosed with a covered condition. They do not reimburse medical expenses. They simply provide cash.

Disability income policies replace income when the insured cannot work. Students must understand elimination periods, benefit periods, and the difference between “own occupation” and “any occupation” definitions of disability.

Long-term care policies provide benefits when the insured cannot perform two of six activities of daily living or suffers cognitive impairment. The “2 of 6 ADLs” trigger appears frequently on the exam.

Most Likely Exam Questions

These are extremely predictable:

- “Which plan pays a fixed amount per day regardless of actual cost?”

- “Which plan uses deductibles and coinsurance?”
- “Which plan pays a lump sum upon diagnosis?”
- “Which plan covers accidents only?”
- “What triggers disability income benefits?”
- “What is the elimination period?”
- “What is the benefit period?”
- “What is own-occupation vs any-occupation?”
- “What triggers long-term care benefits?”

Triggers & Gotchas

- “Pays $200/day” → indemnity
- “Deductible + coinsurance” → major medical
- “Lump sum” → critical illness
- “Accident only” → no sickness
- “Waiting period” → elimination period
- “2 of 6 ADLs” → LTC
- Gotcha: Disability income does NOT pay medical bills — only income.

SECTION 4 — Key Health Insurance Terminology

The exam repeatedly tests basic terminology. These terms appear in nearly every question.

A deductible is the amount the insured must pay before the insurer begins paying benefits. Coinsurance is the percentage split between the insurer and insured after the deductible. A copay is a fixed dollar amount paid for specific services. The out-of-pocket maximum is the most the insured will pay in a year. Once they reach this limit, the insurer pays 100% of covered expenses.

Policies contain exclusions, which specify what is not covered, and limitations, which restrict coverage amounts or durations. Preexisting conditions are medical conditions that existed before coverage began. Under the Affordable Care Act, major medical plans cannot deny coverage for preexisting conditions.

Once the student understands these terms, they can answer a large portion of the exam correctly.

Most Likely Exam Questions

These appear constantly:

- “What must the insured pay first?” → deductible
- “What is the percentage split after the deductible?” → coinsurance
- “What is a fixed dollar amount per service?” → copay
- “What happens after the insured reaches the out-of-pocket maximum?”
- “What is an exclusion?”
- “What is a limitation?”
- “What is a preexisting condition?”
- “Which law prohibits preexisting condition exclusions?”

Triggers & Gotchas

- Copay = fixed dollar
- Coinsurance = percentage
- Out-of-pocket max → insurer pays 100%
- ACA = no preexisting exclusions
- Gotcha: Students confuse copay with coinsurance.

SECTION 5 — Uniform Provisions

Accident & Sickness policies include standardized provisions adopted from NAIC models and enforced by Georgia law. These provisions appear frequently on the exam.

The grace period allows the insured extra time to pay premiums. For monthly premiums, the grace period is 10 days. For other payment modes, it is 31 days.

If a policy lapses for nonpayment, the insured may request reinstatement. If reinstated, accident coverage begins immediately, but sickness coverage begins 10 days later. This 10-day waiting period is one of the exam’s favorite questions.

The insured must provide notice of claim within 20 days of a loss. They must submit proof of loss within 90 days. The insurer must pay claims promptly after receiving proof.

Insurers may require physical exams or autopsies at their own expense. These provisions help insurers verify claims.

Renewability is another major exam topic. Policies may be optionally renewable, guaranteed renewable, noncancelable, or conditionally renewable. Noncancelable policies are the strongest because the insurer cannot raise premiums or cancel coverage as long as the insured pays premiums.

Most Likely Exam Questions

These are some of the exam’s favorite questions:

- "What is the grace period for monthly premiums?"
- "What is the grace period for quarterly premiums?"
- "When does accident coverage begin after reinstatement?"
- "When does sickness coverage begin after reinstatement?"
- "When must notice of claim be submitted?"
- "When must proof of loss be submitted?"
- "Which renewability type is the strongest?"
- "Which renewability type allows premium increases by class?"
- "Which renewability type allows cancellation only under certain conditions?"

Triggers & Gotchas

- Monthly grace period → 10 days
- Other modes → 31 days
- Accident after reinstatement → immediately
- Sickness after reinstatement → 10 days
- Notice of claim → 20 days
- Proof of loss → 90 days
- Noncancelable → cannot raise premiums
- Guaranteed renewable → can raise premiums by class
- Gotcha: Students mix up the two "10-day" rules.

SECTION 6 — Georgia Insurance Regulation

The Georgia Commissioner of Insurance oversees licensing, market conduct, solvency, and consumer protection. To become licensed, an individual must be at least 18 years old, complete 20 hours of prelicensing education, pass the state exam, and undergo fingerprinting.

To maintain a license, agents must complete 24 hours of continuing education every two years, including 3 hours of ethics. The exam frequently tests this requirement.

Georgia has strict advertising rules. Agents cannot use misleading terms such as "guaranteed" unless the product truly offers guaranteed benefits. Replacement rules require agents to provide a Notice of Replacement and explain differences between old and new coverage.

Market conduct rules prohibit coercive sales practices, require full disclosure, and mandate fair claims handling. Insurers must file forms and rates with the state for approval.

Most Likely Exam Questions

Georgia-specific questions always appear:

- "What is the minimum age for a Georgia insurance license?"
- "How many CE hours are required every two years?"
- "How many ethics hours are required?"
- "What must be provided during replacement?"
- "What advertising practices are prohibited?"
- "What is the purpose of market conduct rules?"

Triggers & Gotchas

- Minimum age → 18
- CE → 24 hours
- Ethics → 3 hours
- Replacement → Notice of Replacement
- Advertising → no misleading terms
- Gotcha: Students think CE is 20 hours. It's 24.

SECTION 7 — Medicare

Medicare is a federal program for individuals age 65 and older and certain disabled persons. The exam focuses on the four parts of Medicare.

Part A covers hospital care, skilled nursing, and hospice. Part B covers physician services, outpatient care, and durable medical equipment. Part C, or Medicare Advantage, allows private insurers to provide Medicare benefits. These plans often include additional services. Part D provides prescription drug coverage.

Medigap policies are private supplements that cover deductibles, coinsurance, and gaps in Original Medicare. Students must understand enrollment periods, penalties, and coordination of benefits.

Most Likely Exam Questions

These ALWAYS appear:

- "What does Medicare Part A cover?"
- "What does Medicare Part B cover?"
- "What is Medicare Part C?"
- "What does Medicare Part D cover?"
- "What does Medigap do?"

- "Which plans work with Original Medicare?"

Triggers & Gotchas

- Part A → hospital
- Part B → doctors/outpatient
- Part C → Medicare Advantage
- Part D → drugs
- Medigap → supplements A & B
- Gotcha: Medigap does NOT work with Medicare Advantage.

SECTION 8 — Medicaid

Medicaid is a joint federal-state program for low-income individuals. Eligibility is based on income and specific categories such as disability or pregnancy. Medicaid often acts as the payer of last resort, meaning it pays only after other coverage has been applied.

Medicaid is not private insurance and typically does not require premiums. The exam tests basic understanding, not detailed eligibility rules.

Most Likely Exam Questions

Expect simple, direct questions:

- "Who is Medicaid for?"
- "How is Medicaid funded?"
- "What does payer of last resort mean?"
- "Is Medicaid private insurance?"

Triggers & Gotchas

- Medicaid → low income
- Funded by → federal + state
- Payer of last resort → pays last
- Gotcha: Students confuse Medicaid with Medicare.

SECTION 9 — Disability Income Insurance

Disability income insurance replaces earnings when the insured cannot work. The elimination period is the waiting period before benefits begin. The benefit period determines how long payments last.

The definition of disability is critical. Own-occupation means the insured cannot perform their specific job. Any-occupation means the insured cannot perform any job for which they are reasonably qualified. The exam often tests this distinction.

Common exclusions include self-inflicted injuries, war, and military service. Policies may include rehabilitation benefits and cost-of-living adjustments.

Most Likely Exam Questions

These appear frequently:

- "What does disability income insurance replace?"
- "What is the elimination period?"
- "What is the benefit period?"
- "What is own-occupation?"
- "What is any-occupation?"
- "What are common exclusions?"

Triggers & Gotchas

- Disability income → replaces income
- Elimination period → waiting period
- Benefit period → duration
- Own-occ → cannot perform your job
- Any-occ → cannot perform any job
- Gotcha: Students think disability income pays medical bills.

SECTION 10 — Long-Term Care Insurance

Long-term care insurance provides benefits when the insured cannot perform two of six activities of daily living or suffers cognitive impairment. ADLs include bathing, dressing, eating, transferring, toileting, and continence.

Policies may cover home care, assisted living, and nursing home care. The exam focuses on benefit triggers and types of care.

Most Likely Exam Questions

These are extremely predictable:

- "How many ADLs must the insured be unable to perform?"
- "What are ADLs?"
- "What triggers LTC benefits?"

- "What types of care does LTC cover?"

Triggers & Gotchas

- 2 of 6 ADLs
- ADLs → bathing, dressing, eating, transferring, toileting, continence
- Cognitive impairment → triggers benefits
- Gotcha: Students think LTC only covers nursing homes.

SECTION 11 — HIPAA and ACA

HIPAA provides portability of coverage and protects medical privacy. It ensures that individuals moving between jobs can maintain coverage without facing new preexisting condition exclusions in certain plans.

The Affordable Care Act prohibits preexisting condition exclusions, mandates essential health benefits, requires preventive care without cost-sharing, and allows dependents to remain on parents' plans until age 26.

Georgia operates Georgia Access, but the exam still tests ACA rules.

Most Likely Exam Questions

These appear on almost every exam:

- "Which law protects medical privacy?"
- "Which law prohibits preexisting condition exclusions?"
- "What age can dependents stay on parents' plans?"
- "What does preventive care cost under ACA?"

Triggers & Gotchas

- HIPAA → privacy + portability
- ACA → no preexisting exclusions
- Dependents → up to age 26
- Preventive care → no cost-sharing
- Gotcha: Students confuse HIPAA portability with ACA preexisting rules.

SECTION 12 — Ethics

Ethical conduct is essential for insurance agents. Agents must act with honesty, integrity, and transparency. They must recommend suitable products, avoid pressure tactics, and document interactions properly.

Georgia requires 3 hours of ethics training every renewal cycle. Violations can result in fines, suspension, or revocation of a license.

Most Likely Exam Questions

Ethics questions are straightforward:

- "What does suitability mean?"
- "What is twisting?"
- "What is churning?"
- "How many ethics hours are required?"
- "What happens if an agent violates ethics rules?"

Triggers & Gotchas

- Ethics → honesty, suitability, transparency
- Ethics hours → 3
- Violations → fines, suspension, revocation
- Gotcha: Students think ethics is "being nice." It's about suitability.

100 Multiple-Choice Questions with answers & explanations

1. Health insurance exists primarily to transfer what from the insured to the insurer?

A. Liability

B. Risk

C. Assets

D. Premiums

Correct Answer: B — Risk

Explanation: Insurance is a risk-transfer system. The insured pays a premium so the insurer assumes the financial risk of illness, injury, or disability. This is the foundational concept behind all insurance.

2. Which party makes legally enforceable promises in a unilateral contract?

A. The insured

B. The insurer

C. Both parties

D. The beneficiary

Correct Answer: B — The insurer

Explanation: Health insurance contracts are unilateral, meaning only the insurer makes enforceable promises. The insured does not promise anything except to pay premiums.

3. A contract of adhesion means:

A. The insured negotiates the terms

B. The insurer writes the contract

C. Both parties write the contract

D. The contract is optional

Correct Answer: B — The insurer writes the contract

Explanation: Adhesion means the insured must accept the contract exactly as written by the insurer. If any part is unclear, courts interpret it in favor of the insured.

4. Ambiguous contract language is interpreted in favor of:

A. The insurer

B. The insured

C. The state

D. The beneficiary

Correct Answer: B — The insured

Explanation: Because the insurer writes the contract, any unclear language is interpreted in favor of the insured. This protects consumers.

5. The principle requiring honesty from both parties is:

A. Indemnity

B. Utmost good faith

C. Adhesion

D. Consideration

Correct Answer: B — Utmost good faith

Explanation: Insurance contracts rely on honesty and full disclosure. If either party lies or conceals information, the contract can be voided.

6. Misrepresentation on an application allows the insurer to:

A. Increase premiums

B. Void the contract

C. Reduce benefits

D. Change coverage

Correct Answer: B — Void the contract

Explanation: If the insured lies or hides information on the application, the insurer can cancel the policy entirely.

7. A plan that pays a fixed amount per day regardless of actual cost is:

A. Major medical

B. Indemnity

C. PPO

D. HMO

Correct Answer: B — Indemnity

Explanation: Indemnity plans pay a set amount (e.g., $200/day) regardless of actual medical expenses. The exam often signals this with “fixed amount per day.”

8. A plan that reimburses actual medical expenses is:

A. Indemnity

B. Medical expense

C. Critical illness

D. Disability income

Correct Answer: B — Medical expense

Explanation: Medical expense plans pay based on actual costs incurred, such as hospital or surgical bills.

9. A plan with deductibles, coinsurance, and high limits is:

A. Indemnity

B. Major medical

C. Accident-only

D. Hospital indemnity

Correct Answer: B — Major medical

Explanation: Major medical plans combine deductibles, coinsurance, and high maximum benefits. This is one of the exam's favorite questions.

10. Accident-only policies cover:

A. Illness only

B. Accidents only

C. Both illness and accidents

D. Preventive care

Correct Answer: B — Accidents only

Explanation: Accident-only policies do not cover illness. The exam often tests this distinction with scenarios.

11. Critical illness policies pay:

A. Reimbursement

B. A lump sum

C. Coinsurance

D. Deductibles

Correct Answer: B — A lump sum

Explanation: Critical illness plans pay a single cash benefit upon diagnosis of a covered condition (e.g., cancer).

12. Disability income insurance replaces:

A. Medical bills

B. Income

C. Hospital charges

D. Prescription drugs

Correct Answer: B — Income

Explanation: Disability income does not pay medical expenses. It replaces lost earnings when the insured cannot work.

13. The waiting period before disability benefits begin is the:

A. Benefit period

B. Elimination period

C. Probationary period

D. Grace period

Correct Answer: B — Elimination period

Explanation: The elimination period is the time the insured must wait before disability benefits start. It is a major exam trigger.

14. The length of time disability benefits last is the:

A. Elimination period

B. Benefit period

C. Waiting period

D. Renewal period

Correct Answer: B — Benefit period

Explanation: The benefit period determines how long disability payments continue.

15. Own-occupation disability means the insured cannot perform:

A. Any job

B. Their specific job

C. Any job for which they are qualified

D. Manual labor

Correct Answer: B — Their specific job

Explanation: Own-occupation protects the insured's ability to perform their particular profession. Surgeons love this coverage.

16. Any-occupation disability means the insured cannot perform:

A. Their specific job

B. Any job for which they are reasonably qualified

C. Any job at all

D. Manual labor only

Correct Answer: B — Any job for which they are reasonably qualified

Explanation: Any-occupation is stricter. The insured must be unable to perform any job suited to their training or experience.

17. Long-term care benefits require inability to perform:

A. 1 of 6 ADLs

B. 2 of 6 ADLs

C. 3 of 6 ADLs

D. All ADLs

Correct Answer: B — 2 of 6 ADLs

Explanation: LTC benefits are triggered when the insured cannot perform two activities of daily living or has cognitive impairment.

18. The amount the insured pays first is the:

A. Copay

B. Coinsurance

C. Deductible

D. Premium

Correct Answer: C — Deductible

Explanation: The deductible must be paid before the insurer begins paying benefits.

19. The percentage split after the deductible is:

A. Copay

B. Coinsurance

C. Premium

D. Exclusion

Correct Answer: B — Coinsurance

Explanation: Coinsurance divides costs between insurer and insured (e.g., 80/20). It applies only after the deductible.

20. A fixed dollar amount paid for a service is a:

A. Deductible

B. Copay

C. Coinsurance

D. Premium

Correct Answer: B — Copay

Explanation: Copays are flat fees, such as $40 per doctor visit.

21. The most the insured will pay in a year is the:

A. Deductible

B. Coinsurance

C. Out-of-pocket maximum

D. Copay

Correct Answer: C — Out-of-pocket maximum

Explanation: After reaching this limit, the insurer pays 100% of covered expenses.

22. After reaching the out-of-pocket maximum, the insurer pays:

A. 50%

B. 80%

C. 90%

D. 100%

Correct Answer: D — 100%

Explanation: The insurer covers all remaining covered expenses for the year.

23. Items not covered by the policy are:

A. Limitations

B. Exclusions

C. Coinsurance

D. Copays

Correct Answer: B — Exclusions

Explanation: Exclusions list what the policy does not cover.

24. Restrictions on coverage amounts or durations are:

A. Exclusions

B. Limitations

C. Deductibles

D. Coinsurance

Correct Answer: B — Limitations

Explanation: Limitations restrict how much or how long benefits are paid.

25. A medical condition existing before coverage begins is a:

A. Limitation

B. Exclusion

C. Preexisting condition

D. Copay

Correct Answer: C — Preexisting condition

Explanation: ACA prohibits denying coverage for preexisting conditions in major medical plans.

26. Which law prohibits preexisting condition exclusions?

A. HIPAA

B. ACA

C. COBRA

D. ERISA

Correct Answer: B — ACA

Explanation: The Affordable Care Act (ACA) eliminated preexisting condition exclusions for major medical plans. This is one of the most frequently tested ACA provisions.

27. The grace period for monthly premiums is:

A. 5 days

B. 10 days

C. 20 days

D. 31 days

Correct Answer: B — 10 days

Explanation: Monthly premium payments always receive a 10-day grace period. This is a major exam trigger because “10 days” also appears in reinstatement rules.

28. The grace period for quarterly premiums is:

A. 10 days

B. 20 days

C. 31 days

D. 60 days

Correct Answer: C — 31 days

Explanation: All non-monthly premium modes (quarterly, semiannual, annual) receive a 31-day grace period.

29. After reinstatement, accident coverage begins:

A. Immediately

B. 10 days later

C. 20 days later

D. 30 days later

Correct Answer: A — Immediately

Explanation: Accident coverage begins right away after reinstatement. This is a classic exam trap because sickness coverage does NOT begin immediately.

30. After reinstatement, sickness coverage begins:

A. Immediately

B. 10 days later

C. 20 days later

D. 30 days later

Correct Answer: B — 10 days later

Explanation: Sickness coverage begins 10 days after reinstatement. This is one of the exam's favorite "gotcha" questions.

31. Notice of claim must be submitted within:

A. 10 days

B. 20 days

C. 30 days

D. 60 days

Correct Answer: B — 20 days

Explanation: The insured must notify the insurer within 20 days of a loss. This timeline appears constantly on the exam.

32. Proof of loss must be submitted within:

A. 20 days

B. 30 days

C. 60 days

D. 90 days

Correct Answer: D — 90 days

Explanation: Proof of loss must be submitted within 90 days. Students often confuse this with notice of claim.

33. The strongest renewability type is:

A. Optionally renewable

B. Guaranteed renewable

C. Noncancelable

D. Conditionally renewable

Correct Answer: C — Noncancelable

Explanation: Noncancelable policies cannot be canceled and premiums cannot be increased. This is the strongest form of renewability.

34. The renewability type that allows premium increases by class is:

A. Optionally renewable

B. Guaranteed renewable

C. Noncancelable

D. Conditionally renewable

Correct Answer: B — Guaranteed renewable

Explanation: Guaranteed renewable policies must be renewed, but the insurer may raise premiums for an entire class of insureds.

35. The renewability type that allows cancellation only under certain conditions is:

A. Optionally renewable

B. Guaranteed renewable

C. Noncancelable

D. Conditionally renewable

Correct Answer: D — Conditionally renewable

Explanation: Conditional renewal allows cancellation only under specific conditions stated in the policy (e.g., reaching a certain age).

SECTION 5 — Georgia Regulation

36. Minimum age for a Georgia insurance license is:

A. 16

B. 17

C. 18

D. 21

Correct Answer: C — 18

Explanation: Georgia requires applicants to be at least 18 years old to obtain an insurance license.

37. Georgia requires _____ hours of CE every two years.

A. 12

B. 20

C. 24

D. 30

Correct Answer: C — 24

Explanation: Georgia requires 24 hours of continuing education every two years. This is a very common exam question.

38. Georgia requires _____ hours of ethics every two years.

A. 1

B. 2

C. 3

D. 5

Correct Answer: C — 3

Explanation: Ethics training must be at least 3 hours. The exam frequently tests this requirement.

39. When replacing a policy, the agent must provide a:

A. Notice of Cancellation

B. Notice of Replacement

C. Notice of Renewal

D. Notice of Disclosure

Correct Answer: B — Notice of Replacement

Explanation: Georgia requires a Notice of Replacement to ensure consumers understand the differences between old and new coverage.

40. Advertising cannot use misleading terms such as:

A. “Affordable”

B. “Guaranteed”

C. “Optional”

D. “Flexible”

Correct Answer: B — “Guaranteed”

Explanation: The word “guaranteed” is prohibited unless the benefit truly is guaranteed. This protects consumers from deceptive advertising.

41. Market conduct rules exist to protect the:

A. Insurer

B. Agent

C. Consumer

D. State

Correct Answer: C — Consumer

Explanation: Market conduct ensures fair treatment of consumers, including proper claims handling and ethical sales practices.

42. Medicare Part A covers:

A. Doctors

B. Hospital care

C. Drugs

D. Dental

Correct Answer: B — Hospital care

Explanation: Part A covers inpatient hospital services, skilled nursing, and hospice.

43. Medicare Part B covers:

A. Hospital care

B. Doctors/outpatient

C. Drugs

D. Dental

Correct Answer: B — Doctors/outpatient

Explanation: Part B covers outpatient services, physician visits, and durable medical equipment.

44. Medicare Part C is also called:

A. Medigap

B. Medicare Advantage

C. Medicare Supplement

D. Medicaid

Correct Answer: B — Medicare Advantage

Explanation: Part C allows private insurers to administer Medicare benefits.

45. Medicare Part D covers:

A. Hospital care

B. Doctors

C. Drugs

D. Dental

Correct Answer: C — Drugs

Explanation: Part D provides prescription drug coverage.

46. Medigap supplements:

A. Medicare Advantage

B. Medicaid

C. Original Medicare

D. Employer plans

Correct Answer: C — Original Medicare

Explanation: Medigap works only with Parts A and B. It does not work with Medicare Advantage.

47. Medigap does NOT work with:

A. Medicare Part A

B. Medicare Part B

C. Medicare Advantage

D. Medicare Part D

Correct Answer: C — Medicare Advantage

Explanation: Medigap cannot be used with Part C plans. This is a major exam trap.

48. Medicaid is for individuals with:

A. High income

B. Low income

C. Medicare

D. Employer plans

Correct Answer: B — Low income

Explanation: Medicaid eligibility is income-based, not age-based.

49. Medicaid is funded by:

A. Federal government only

B. State government only

C. Federal + state

D. Private insurers

Correct Answer: C — Federal + state

Explanation: Medicaid is jointly funded by federal and state governments.

50. Medicaid is the payer of:

A. First resort

B. Last resort

C. Middle resort

D. Optional resort

Correct Answer: B — Last resort

Explanation: Medicaid pays only after all other coverage has been applied. SECTION 8 — Disability Income Insurance

51. Disability income insurance replaces:

A. Medical bills

B. Income

C. Hospital charges

D. Prescription drugs

Correct Answer: B — Income

Explanation: Disability income insurance does NOT pay medical expenses. It replaces lost earnings when the insured cannot work due to illness or injury. This is one of the exam's favorite "gotcha" distinctions.

52. The elimination period is the:

A. Waiting period before benefits begin

B. Length of time benefits last

C. Time before premiums are due

D. Time before the policy can be renewed

Correct Answer: A — Waiting period before benefits begin

Explanation: The elimination period is the waiting period the insured must endure before disability benefits start. It is similar to a deductible measured in time.

53. The benefit period is the:

A. Waiting period before benefits begin

B. Length of time benefits last

C. Time before premiums are due

D. Time before the policy can be renewed

Correct Answer: B — Length of time benefits last

Explanation: The benefit period determines how long disability payments continue — such as 2 years, 5 years, or to age 65.

54. Own-occupation disability means the insured cannot perform:

A. Any job

B. Their specific job

C. Any job for which they are qualified

D. Manual labor only

Correct Answer: B — Their specific job

Explanation: Own-occupation protects the insured's ability to perform their particular profession. A surgeon who injures their hand may qualify even if they can still teach.

55. Any-occupation disability means the insured cannot perform:

A. Their specific job

B. Any job for which they are reasonably qualified

C. Any job at all

D. Manual labor only

Correct Answer: B — Any job for which they are reasonably qualified

Explanation: Any-occupation is stricter. The insured must be unable to perform ANY job suited to their education or experience.

56. Common exclusions in disability income policies include:

A. Pregnancy

B. Self-inflicted injuries

C. Allergies

D. Preventive care

Correct Answer: B — Self-inflicted injuries

Explanation: Disability income policies commonly exclude self-inflicted injuries, war, and military service. The exam often tests this.

57. Long-term care benefits require inability to perform:

A. 1 ADL

B. 2 ADLs

C. 3 ADLs

D. All ADLs

Correct Answer: B — 2 ADLs

Explanation: LTC benefits are triggered when the insured cannot perform two activities of daily living (ADLs) or has cognitive impairment. “2 of 6 ADLs” is a major exam trigger.

58. ADLs include bathing, dressing, eating, transferring, toileting, and:

A. Walking

B. Continence

C. Cooking

D. Shopping

Correct Answer: B — Continence

Explanation: Continence is the sixth ADL. The exam frequently tests whether students know all six.

59. Cognitive impairment triggers:

A. Disability income benefits

B. Long-term care benefits

C. Medicare benefits

D. Medicaid benefits

Correct Answer: B — Long-term care benefits

Explanation: Cognitive impairment (such as dementia) is a valid LTC trigger even if the insured can still perform ADLs.

60. Long-term care policies may cover:

A. Only nursing home care

B. Home care, assisted living, and nursing home care

C. Only hospital care

D. Only hospice care

Correct Answer: B — Home care, assisted living, and nursing home care

Explanation: LTC policies cover a wide range of custodial and skilled care settings — not just nursing homes. This is a common exam trap.

61. HIPAA protects:

A. Medical privacy

B. Deductibles

C. Coinsurance

D. Premium rates

Correct Answer: A — Medical privacy

Explanation: HIPAA protects the confidentiality of medical information and ensures portability when changing jobs.

62. ACA prohibits:

A. Coinsurance

B. Deductibles

C. Preexisting condition exclusions

D. Copays

Correct Answer: C — Preexisting condition exclusions

Explanation: ACA eliminated preexisting condition denials for major medical plans. This is one of the most tested ACA rules.

63. ACA requires preventive care with:

A. High cost-sharing

B. No cost-sharing

C. Optional cost-sharing

D. Premium-only cost-sharing

Correct Answer: B — No cost-sharing

Explanation: Preventive care must be provided at no cost to the insured under ACA.

64. ACA allows dependents to remain on parents' plans until age:

A. 21

B. 23

C. 25

D. 26

Correct Answer: D — 26

Explanation: Dependents can stay on parents' plans until age 26 — a very common exam question.

65. HIPAA provides:

A. Guaranteed issue for all policies

B. Portability of coverage

C. Free preventive care

D. Subsidies for low-income individuals

Correct Answer: B — Portability of coverage

Explanation: HIPAA ensures individuals can maintain coverage when changing jobs without facing new preexisting condition exclusions in certain plans.

66. Ethics requires honesty, suitability, and:

A. Pressure

B. Transparency

C. Aggressive sales

D. Replacement

Correct Answer: B — Transparency

Explanation: Ethical agents must clearly disclose information, avoid misleading statements, and act in the client's best interest.

67. Agents must recommend:

A. The most expensive product

B. Suitable products

C. Optional products

D. Employer plans

Correct Answer: B — Suitable products

Explanation: Suitability is a core ethical requirement. Agents must match products to client needs.

68. Violations can result in fines, suspension, or:

A. Promotion

B. Revocation

C. Renewal

D. Replacement

Correct Answer: B — Revocation

Explanation: Serious ethical violations can lead to license revocation.

69. Twisting involves:

A. Replacing a policy to benefit the client

B. Misleading a client to replace a policy

C. Renewing a policy early

D. Selling multiple policies at once

Correct Answer: B — Misleading a client to replace a policy

Explanation: Twisting is illegal. It involves persuading a client to replace a policy using false or misleading information.

70. Churning involves:

A. Replacing a policy to benefit the client

B. Replacing a policy to generate commissions

C. Renewing a policy early

D. Selling multiple policies at once

Correct Answer: B — Replacing a policy to generate commissions

Explanation: Churning is replacing a policy solely to earn commissions, without benefit to the client.

71. Which contract type is written entirely by the insurer?

A. Adhesion

B. Conditional

C. Unilateral

D. Aleatory

Correct Answer: A — Adhesion

Explanation: Adhesion means the insurer writes the contract and the insured must accept it as-is.

72. Which plan pays a lump sum?

A. Major medical

B. Critical illness

C. PPO

D. HMO

Correct Answer: B — Critical illness

Explanation: Critical illness plans pay a single cash benefit upon diagnosis.

73. Which plan uses deductibles and coinsurance?

A. Indemnity

B. Major medical

C. Critical illness

D. Disability income

Correct Answer: B — Major medical

Explanation: Major medical plans combine deductibles, coinsurance, and high maximum limits.

74. Which law protects medical privacy?

A. ACA

B. HIPAA

C. COBRA

D. ERISA

Correct Answer: B — HIPAA

Explanation: HIPAA protects health information and ensures privacy.

75. Which law prohibits preexisting condition exclusions?

A. HIPAA

B. ACA

C. COBRA

D. ERISA

Correct Answer: B — ACA

Explanation: ACA bans preexisting condition denials — one of the most tested rules.

76. Which policy supplements Original Medicare?

A. Medicare Advantage

B. Medigap

C. Medicaid

D. Employer plans

Correct Answer: B — Medigap

Explanation: Medigap policies fill in the “gaps” of Original Medicare (Parts A & B). They cover deductibles, coinsurance, and other out-of-pocket costs. They do NOT work with Medicare Advantage.

77. Which policy does NOT work with Medicare Advantage?

A. Medigap

B. Part A

C. Part B

D. Part D

Correct Answer: A — Medigap

Explanation: Medigap cannot be paired with Medicare Advantage (Part C). This is one of the exam's most common Medicare traps.

78. Which period determines when disability benefits begin?

A. Benefit period

B. Elimination period

C. Grace period

D. Renewal period

Correct Answer: B — Elimination period

Explanation: The elimination period is the waiting period before disability benefits start. It functions like a deductible measured in time.

79. Which period determines how long disability benefits last?

A. Benefit period

B. Elimination period

C. Grace period

D. Renewal period

Correct Answer: A — Benefit period

Explanation: The benefit period determines how long disability payments continue — such as 2 years, 5 years, or to age 65.

80. LTC benefits require inability to perform how many ADLs?

A. 1

B. 2

C. 3

D. 6

Correct Answer: B — 2

Explanation: Long-term care benefits are triggered when the insured cannot perform two of the six ADLs or has cognitive impairment.

81. Which ADL is included?

A. Cooking

B. Shopping

C. Continence

D. Driving

Correct Answer: C — Continence

Explanation: The six ADLs are bathing, dressing, eating, transferring, toileting, and continence. The exam often tests whether students know all six.

82. Which law allows dependents to stay on parents' plans until age 26?

A. HIPAA

B. ACA

C. COBRA

D. ERISA

Correct Answer: B — ACA

Explanation: The Affordable Care Act allows dependents to remain on their parents' health plans until age 26. This is one of the most frequently tested ACA rules.

83. Which law provides portability?

A. HIPAA

B. ACA

C. COBRA

D. ERISA

Correct Answer: A — HIPAA

Explanation: HIPAA ensures individuals can maintain coverage when changing jobs without facing new preexisting condition exclusions in certain plans.

84. Which program is funded by federal + state?

A. Medicare

B. Medicaid

C. Medigap

D. Employer plans

Correct Answer: B — Medicaid

Explanation: Medicaid is jointly funded by federal and state governments. Medicare is federally funded only.

85. Which term describes items not covered?

A. Limitations

B. Exclusions

C. Coinsurance

D. Copays

Correct Answer: B — Exclusions

Explanation: Exclusions list what the policy does not cover. This is one of the exam's simplest but most common terminology questions.

86. Which term describes restrictions on coverage amounts?

A. Exclusions

B. Limitations

C. Deductibles

D. Coinsurance

Correct Answer: B — Limitations

Explanation: Limitations restrict how much or how long benefits are paid. Students often confuse limitations with exclusions.

87. After reaching the out-of-pocket maximum, the insurer pays:

A. 50%

B. 80%

C. 90%

D. 100%

Correct Answer: D — 100%

Explanation: Once the insured reaches the out-of-pocket maximum, the insurer pays 100% of covered expenses for the rest of the year.

88. The grace period for monthly premiums is:

A. 5 days

B. 10 days

C. 20 days

D. 31 days

Correct Answer: B — 10 days

Explanation: Monthly premium payments always receive a 10-day grace period. This is one of the exam's favorite timeline questions.

89. Notice of claim must be submitted within:

A. 10 days

B. 20 days

C. 30 days

D. 60 days

Correct Answer: B — 20 days

Explanation: The insured must notify the insurer within 20 days of a loss. Students often confuse this with proof of loss.

90. Proof of loss must be submitted within:

A. 20 days

B. 30 days

C. 60 days

D. 90 days

Correct Answer: D — 90 days

Explanation: Proof of loss must be submitted within 90 days. This is one of the exam's most repeated timeline questions.

91. Sickness coverage after reinstatement begins in:

A. 0 days

B. 10 days

C. 20 days

D. 30 days

Correct Answer: B — 10 days

Explanation: Sickness coverage begins 10 days after reinstatement. This is a major exam trap because accident coverage begins immediately.

92. Accident coverage after reinstatement begins:

A. Immediately

B. 10 days

C. 20 days

D. 30 days

Correct Answer: A — Immediately

Explanation: Accident coverage begins right away after reinstatement. The exam often pairs this with the sickness rule to test whether students know the difference.

93. Which term means fixed dollar amount?

A. Deductible

B. Copay

C. Coinsurance

D. Premium

Correct Answer: B — Copay

Explanation: Copays are fixed fees, such as $40 per doctor visit. Coinsurance is a percentage.

94. Which term means percentage split?

A. Deductible

B. Copay

C. Coinsurance

D. Premium

Correct Answer: C — Coinsurance

Explanation: Coinsurance divides costs between insurer and insured (e.g., 80/20). It applies only after the deductible.

95. Which term must be paid first?

A. Deductible

B. Copay

C. Coinsurance

D. Premium

Correct Answer: A — Deductible

Explanation: The deductible must be paid before the insurer begins paying benefits. This is one of the exam's simplest questions.

96. Which law prohibits preexisting condition exclusions?

A. HIPAA

B. ACA

C. COBRA

D. ERISA

Correct Answer: B — ACA

Explanation: ACA bans preexisting condition denials. HIPAA deals with portability, not preexisting condition bans.

97. Which law protects medical privacy?

A. ACA

B. HIPAA

C. COBRA

D. ERISA

Correct Answer: B — HIPAA

Explanation: HIPAA protects health information and ensures confidentiality.

98. Which renewability type prevents premium increases?

A. Guaranteed renewable

B. Noncancelable

C. Optionally renewable

D. Conditionally renewable

Correct Answer: B — Noncancelable

Explanation: Noncancelable policies cannot raise premiums and cannot be canceled as long as premiums are paid. This is the strongest renewability type.

99. Which program is for low-income individuals?

A. Medicare

B. Medicaid

C. Medigap

D. Medicare Advantage

Correct Answer: B — Medicaid

Explanation: Medicaid eligibility is income-based. Medicare is age-based.

100. LTC benefits require inability to perform how many ADLs?

A. 1

B. 2

C. 3

D. 6

Correct Answer: B — 2

Explanation: Long-term care benefits are triggered when the insured cannot perform two of the six ADLs or has cognitive impairment.