

Possible Test Questions

1. Insurance is the transfer of...RISK
2. Changes in an insurance application can be accomplished by all of the following methods except...USING WHITEOUT
3. If an insurer issues a policy with unanswered questions....IT WILL BE INTERPRETED AS IF THEY HAD WAIVED THEIR RIGHT TO EVER HAVE IT ANSWERED AND CANNOT DENY A CLAIM
4. What is a statement that is guaranteed to be true and if not, can breach an insurance contract...WARRANTY
5. What is a statement that is believed to be true to the best of the applicants knowledge...REPRESENTATION
6. If an applicant for insurance is issued a conditional receipt and dies the next day, what happens...THE INSURER WILL PAY A BENEFIT AS LONG AS THEY WOULD HAVE APPROVED THEM ANYWAY
7. All of these are duties of the replacing insurer during a policy replacement except...GET NOTICE REGARDING REPLACEMENT SIGNED BY THE APPLICANT
8. What must be given to an applicant that will help them make more informed and educated decisions about their choice of insurance...DISCLOSURE STATEMENTS
9. Which form states the insurers practice regarding the collection of personal information...DISCLOSURE AUTHORIZATION NOTICE
10. An insurer feels that a transaction may be for an unlawful purpose. They must file a Suspicious Activity Report within...30 DAYS OF INITIAL DISCOVERY
11. Who must have insurable interest in the insured at the time of application...POLICYOWNER
12. What information would give an insurer details about an applicant's health history...APS or MIB
13. The maximum penalty for a reporting agency for violating the Fair Credit Reporting Act would be...\$2,500
14. An insurer wants to do an Investigative Consumer Report on an applicant. The applicant must be notified within...3 DAYS
15. A high risk applicant for insurance is considered to be...SUBSTANDARD
16. The type of policy that violates the concept of insurable interest is...STOLI or IOLI
17. What must an agent do upon policy delivery...COLLECT A STATEMENT OF GOOD HEALTH
18. Which document explains how much and what type of insurance to buy...BUYERS GUIDE
19. A Policy Summary contains...FEATURES AND ELEMENTS OF THE POLICY BEING ISSUED
20. Which form of term insurance contains the least expensive first year annual premium...ANNUALLY RENEWABLE TERM
21. What type of insurance is best suited for someone that is going to be getting a loan from the bank...CREDIT LIFE or DECREASING TERM
22. What type of insurance would be used when the Return of Premium Rider is added to a policy...INCREASING TERM
23. What is the only thing that can cause the premiums to increase on an issue age policy...INCREASE IN BENEFITS
24. What must increase in Increasing Term insurance...DEATH BENEFIT
25. Annually Renewable Term provides an increasing...PREMIUM
26. ART is an...ATTAINED AGE POLICY
27. John goes to the bank...CREDIT LIFE, DECREASING TERM or COLLATERAL ASSIGNMENT
28. If an insured uses the Renewable Provision in his term policy, his premiums for his new policy will be based on what...HIS ATTAINED AGE
29. The least expensive 1st year premium is found in which type of Whole Life policy...STRAIGHT LIFE
30. John would like protection and savings from his policy, but only wants to make premium payments until he retires at age 65. Which type of policy is best suited for his situation...LIMITED PAY WHOLE LIFE
31. Which policy only requires a payment of premium at inception and no further premium contributions...SINGLE PREMIUM WHOLE LIFE

32. Which type of policy has immediate cash value...SINGLE PREMIUM WHOLE LIFE
33. Which policy is appropriate for a person that wants the flexibility of being able to change their premium, increase or decrease their face amount or change their period of protection...ADJUSTABLE LIFE
34. Which policy allows the policyowner to skip premium payments...UNIVERSAL LIFE
35. Universal Life has two components, what are they...INSURANCE and CASH ACCOUNT
36. The type of insurance in a UL policy is...ART
37. Which permanent policy option requires there to be a specified gap between the cash value and the death benefit...UL OPTION A
38. Which death benefit option allows the beneficiary to collect both the death benefit and the cash value when the insured dies...UL OPTION B
39. Which answer is true about the premium in a Variable Whole Life policy...FIXED PREMIUM
40. Which answer is true about the premium in a Variable Universal Life policy...FLEXIBLE PREMIUM
41. What type of license do you have to have to sell a Variable Whole Life...SECURITIES AND LIFE
42. What type of license do you have to have to sell an Equity Indexed Life...LIFE ONLY
43. What would the premium be like in a Joint Life policy as compared to the premium in a Survivorship policy...HIGHER
44. All of these would be important in a Fixed Annuity except...DEATH BENEFIT(there isn't one)
45. There are 2 distinct periods in an annuity; what are they...ACCUMULATION and ANNUITIZATION
46. The terms most closely related to how an annuity gets funded are...LEVEL and FLEXIBLE
47. The terms associated with when an annuity get paid out are...IMMEDIATE or DEFERRED
48. What causes the benefit to vary in a Variable annuity...UNDERLYING INVESTMENT
49. Who takes on all of the risk in a Variable annuity...INSURED or POLICYOWNER
50. When are the number of annuity units determined...ON THE DATE OF ANNUITIZATION OR THE DATE OF THE INITIAL PAYOUT
51. Which provision states that only a printed copy of the application and policy can be contained in the contract...ENTIRE CONTRACT PROVISION
52. The Insuring Clause is considered to be the...HEART OF THE POLICY
53. Which provision gives the owner the right to examine the policy and return it for a full refund if not satisfied...FREE LOOK PROVISION
54. An applicant's answers given on an application and their payment of premium is contained in which provision...CONSIDERATION
55. If the beneficiary pre-deceases the insured, who is next in line for the death benefit...CONTINGENT
56. If a policyowner wants to retain all rights of ownership, they should name their beneficiary as...REVOCALE
57. Which provision states that if both the insured and the primary beneficiary are killed in the same accident, that the death benefit will be paid to the contingent...COMMON DISASTER PROVISION
58. Who cannot directly receive the death benefit from a life insurance policy...MINORS
59. Which mode of premium payment is the least expensive...ANNUAL
60. Which provision prevents an insurer from denying a claim based on statements in an application after a policy has been in force for 2 years...INCONTESTABILITY PROVISION
61. Which provision allows an insurer to adjust the benefit they pay because an applicant stated they were 25 when they were really 35 when their policy was issued 7 years ago...MISSTATEMENT OF AGE PROVISION
62. Which provision prevents the unintentional lapse of a policy due to non-payment of premium...GRACE PERIOD
63. Which provision prevents the unintentional lapse of a permanent policy due to non-payment of premium...AUTOMATIC PREMIUM LOAN PROVISION
64. Which provision allows an insurer to deny a claim because the insured is killed in an act of war...WAR CLAUSE
65. Which provision allows an insurer to deny a claim when an insured commits suicide 1 year into having purchased the policy...SUICIDE PROVISION
66. Which rider allows the insurer to forgo collecting premium payments after an insured has been disabled for a certain period of time...WAIVER OF PREMIUM

67. An insured would like to purchase a policy and also ensure that they can add more coverage later on when their finances will allow it. Which rider would accomplish their goal...GUARANTEED INSURABILITY RIDER
68. Which rider would allow premium payments to be discontinued for the insured when the owner became disabled and would waive the premiums on the child's policy until the youngest child reaches age 21...PAYOR BENEFIT
69. John has a life insurance policy with a \$100k death benefit. John adds the Accidental Death rider to his policy that states it will pay 2x the face amount in case of accidental death. John dies of a heart attack. How much will his beneficiary receive...\$100k
70. Which rider when added to a permanent policy would allow for additional protection...TERM RIDER
71. An insured is diagnosed with a terminal illness and is expected to live for 6 months. Which rider would allow him early access to the death benefit...ACCELERATED BENEFIT RIDER
72. Which non-forfeiture option provides the highest amount of protection...EXTENDED TERM
73. Which non-forfeiture option provides the longest period of protection...REDUCED PAID UP
74. John would like to apply his dividend to help lower his next year's premium; which dividend option is this...APPLICATION TO REDUCE PREMIUM PAYMENTS or REDUCTION OF PREMIUM PAYMENTS
75. John receives a dividend and chooses the Accumulation at Interest option; which portion is taxable...INTEREST IS ALWAYS TAXABLE
76. John would like to use the dividend to increase the amount of insurance he currently has; which dividend option is this...PAID UP ADDITIONS
77. John uses his dividend plus all of the interest plus the policy cash value to help pay his policy up earlier than age 100; which dividend option is this...PAID UP OPTION
78. If John chooses how much he would like to receive from his grandmother's death benefit; which settlement option would he have chosen...FIXED AMOUNT
79. John would like to ensure that he receives a steady stream of money until he dies. He would also like to make sure that his wife would receive an income if he were to die within the first 15 years of that income beginning; which settlement option has he chosen...LIFE INCOME WITH PERIOD CERTAIN
80. Which settlement option conserves the principle but guarantees some sort of income to the beneficiary...INTEREST ONLY
81. What is the arrangement known where the policyowner and the insured are different people...3RD PARTY OWNERSHIP
82. The type of insurance in group life is...ANNUALLY RENEWABLE TERM
83. Terminated employees are allowed to convert to what type of insurance when they leave their employer...PERMANENT
84. All of these are correct about a Contributory Plan except...100% participation
85. All of these are different between qualified and non-qualified plans except...EARNINGS GROW TAX DEFERRED or TAXATION ON ACCUMULATION
86. The main difference between a SEP and an IRA is...SEP has a high contribution limit
87. John quit his job and had \$10k in his qualified plan. He had his employer send him a check. How much was it for...\$8k(20% withheld)
88. HR-10 Plans are designed for...SELF EMPLOYED PERSONS
89. All of these are characteristics of a SIMPLE Plan except...150 EMPLOYEES
90. If a company is going to start a Profit Sharing plan, their contributions...MUST BE SYSTEMATIC AND SUBSTANTIAL
91. 403B Plans are designed for...EMPLOYEES OF PUBLIC SCHOOL SYSTEMS
92. Some personal uses of life insurance are...SURVIVOR PROTECTION, CASH ACCUMULATION, ESTATE CREATION and ESTATE LIQUIDATION
93. What are the tax consequences on the benefits of a Key Person policy...TAX FREE
94. Another name for Social Security is...OLD AGE SURVIVORS DISABILITY INSURANCE
95. Who owns the plan and who pays the premium on an Executive Bonus...EMPLOYEE

96. When a person becomes eligible for Social Security Disability, how long do they have to wait before benefits begin...5 MONTHS
97. Which term describes the small amount of premium that is paid by an insured in relation to the large amount of coverage they have purchased...ALEATORY
98. The term "first dollar coverage" means...NO DEDUCTIBLE
99. If a person surrenders their permanent policy for the cash value, which portion if any would be taxable...ANYTHING IN EXCESS OF THE COST BASIS (INTEREST)
100. What is the period of time when a surviving spouse would not be eligible for survivor benefits called...SOCIAL SECURITY BLACKOUT PERIOD
101. John's policy has become a MEC. What do we know about the taxation of the cash value...CONTINUES TO GROW TAX DEFERRED
102. If an HMO member must get a referral from their primary care physician before seeing any other doctor or specialist, this is called...GATEKEEPER CONCEPT
103. If a member of a POS Plan sees an out of network doctor, what happens...THEIR COPAY AND DEDUCTIBLES CAN BE A LOT HIGHER AND THE DOCTOR THEY SEE WILL GET PAID A FEE FOR THE SERVICE
104. What are the 2 types of Flexible Spending Accounts...HEALTH CARE ACCOUNT AND DEPENDENT CARE ACCOUNT
105. HSAs and HRAs are both linked to...HIGH DEDUCTIBLE HEALTH PLANS
106. The amount an employer that would self-fund or self-insure their health plan could purchase stop loss insurance. What is pre-established limit that must be met before coverage goes into effect...DEDUCTIBLE
107. John gets hospitalized after a serious car accident. After checking his disability policy he realized he wouldn't be eligible for benefits for the first 30 days. John's policy contains a 30 day...ELIMINATION PERIOD
108. John gets his policy in the mail and after looking at it, he realizes that a loss would only be covered after the policy had been in force for 20 days. John's policy contains a 20...PROBATIONARY PERIOD
109. The longer the benefit period in a disability policy the _____ the premium...HIGHER
110. Which statement is true about Key Person benefits...BENEFITS ARE RECEIVED TAX FREE
111. In Texas, LTC policies must provide how many months of coverage...12
112. If a LTC policyowner has the option of keeping a policy in force by making timely premium payments and the insurer isn't allowed to alter the policy; it is...GUARANTEED RENEWABLE
113. Who can provide LTC Home Health Care benefits...COMMUNITY BASED ORGANIZATIONS LIKE HOSPICE
114. Which of the following LTC coverages would not encourage an insured to receive care at home...RESIDENTIAL CARE
115. Which statement is true about terminated employees being able to convert their group health to an individual plan...IT WILL HAVE LESSER BENEFITS AND HIGHER PREMIUMS
116. What is the maximum time period for COBRA...36 MONTHS
117. How many months of coverage does an individual need to convert their group plan to an individual policy...18 MONTHS
118. The 12 month pre-existing condition limitation can be lessened as long as the employee has at least how many months of creditable coverage...12 WITH NO GAP GREATER THAN 63 DAYS
119. What is the name of the plan that would cover a specific disease...DREAD DISEASE
120. John pays \$20 a week for his health insurance. What would be the duration of his Grace Period...7 DAYS
121. How many days does an insured have to give notice of a claim to an insurer...20 DAYS
122. Disability income benefits must be paid...AT LEAST MONTHLY
123. Who bears the expense of a physical exam on an insured...THE INSURER
124. How long does a health insurer have to dispute fraudulent mis-statements in an application...AS LONG AS A POLICY IS IN FORCE
125. John has a chronic back problem, but wants some sort of coverage. He finds an insurer that will exclude his back from coverage but cover anything else. The name of the rider is...IMPAIRMENT RIDER

126. John's disability policy states that he must be employed for the company to renew him each year. He has a...CONDITIONALLY RENEWABLE POLICY
127. The renewability standard on term health policies is...NON-RENEWABLE
128. Medicare Advantage is also known as...MEDICARE PART C
129. To be eligible for Part C of Medicare, a senior must be enrolled in Medicare...A and B
130. To be eligible for Part D of Medicare, a senior must be enrolled in Medicare...A
131. For a Medicare Supplement to be guaranteed issue, a senior must be enrolled in...A and B
132. All of the basic benefits are found in which plan...ALL PLANS
133. All of these basic benefits are found in Plan A except...PART A DEDUCTIBLE
134. If an insurer is going to offer Medicare Supplements, they must offer which plans...AT LEAST PLAN A
135. Medicare will pay for how many days of inpatient hospital treatment...90
136. Medicare will pay for how many days of skilled nursing care...100
137. Medicaid is...STATE AND FEDERALLY FUNDED
138. Medicaid is a...NEEDS BASED PROGRAM
139. All of these are duties of the Commissioner of Insurance except...DOES NOT DRAFT LAWS
140. If an agent wishes to contest a cease and desist order, they have how many days...30
141. Which not a possible fine for violating the insurance code...\$100k FINE
142. What agreement allows officials of other states to waive the written examination requirements for applicants that reside in other states...RECIPROCAL AGREEMENTS
143. A Temporary License holder can sell insurance without having taken the written exam for...90 DAYS
144. How many of an agent's CE hours must cover ethics...2 HOURS
145. CE records must be maintained for...4 YEARS
146. If an agent's license gets revoked, they cannot reapply for...5 YEARS
147. Life insurance death benefits must be paid within...2 MONTHS
148. What should insurers strive to eliminate from illustrations...FOOTNOTES AND CAVEATS
149. Which entity should not be mentioned in advertisements...FEDERAL GOVERNMENT
150. If a Viator wants to rescind a Viatical Settlement, they must do it within...15 DAYS
151. Who is the beneficiary in a Credit Life policy...CREDITOR
152. All of these can have access to HIV test results except...ANOTHER INSURER
153. An insurer must be notified of a child's birth within...30 DAYS
154. The term Small Employer requires the employer to have...50 OR LESS EMPLOYEES
155. The minimum renewability requirement for Medicare Supplements is...GUARANTEED RENEWABLE
156. Group participants receive what...CERTIFICATES OF INSURANCE