

LIFE AND HEALTH SKILLS & PRACTICES -- 9 CE HOURS -- DOI #9183

1. Paid-up life insurance refers to
 - A. Insurance that requires no further premiums to carry to normal maturity
 - B. Insurance calculated as the cash value after deduction of any policy debt that can be purchased at an attained age at net premium rates without loading for expense
 - C. Insurance also known as "reduced paid-up insurance"
 - D. All of the above
2. A Disability Group Policy is issued to master policyholders to provide benefits for _____ . Group members must be provided a _____ describing the major features of the master policy.
 - A. Members of eligible groups / certificates of insurance
 - B. Master groups / master certificates
 - C. Disabled groups / authenticity certificates
 - D. Any qualified member / individual policies
3. "Minimum Benefit Regulations" establish requirements for Individual Disability Policies. Which of the following are examples of regulated benefits and limitations.
 - A. Hospital confinement & elimination periods
 - B. Accidental death & dismemberment benefits
 - C. Major medical & Medicare supplement benefits
 - D. All of the above
4. Settlement Options are insurance proceeds . . .
 - A. That are always paid in a lump sum
 - B. That instead of being paid lump sum, may be left with the company to be paid in the future either in a lump sum or in fixed / irregular installments
 - C. That are paid quarterly
 - D. That are negotiated when an insurance company has made a mistake
5. A "contingent beneficiary" is a person, organization or estate designated to
 - A. Receive all of the following
 - B. Receive proceeds if the primary beneficiary dies before the insured
 - C. Receive any unpaid amounts at the death of the primary beneficiary for whom a settlement option was elected
 - D. Receive the proceeds or remainder of the proceeds if, for some other reason, the primary beneficiary cannot qualify to receive them
6. A "Re-entry Term Policy permits the insured to _____ if he or she provides evidence of insurability, i.e., another medical exam or questionnaire at the time of "re-entry".
 - A. Take 50% off all premiums
 - B. Continue coverage
 - C. Renew policies at the initial rate for the insured's presently attained age
 - D. Renew policies for the same rate that existed when the policy was first purchased
7. An Elimination Period is a period between the commencement of coverage and
 - A. A standard period of time, usually 6 months
 - B. The insured's next birthday
 - C. The date benefits become payable
 - D. The beginning of the next open enrollment
8. "Franchise policies" are individual policies issued to employees of a common employer or association. Premiums are
 - A. Paid annually
 - B. Paid by the employer
 - C. Paid directly by the employees to the insurer
 - D. Collected by the employer/association and remitted in bulk to the insurer
9. A Conditional Receipt states that the company accepts the risk from _____ on the condition the applicant is found to be insurable by the company according to its underwriting standards
 - A. The date the applicant first contacted an agent
 - B. The date of signing the application or completion of all published medical requirements
 - C. The date of the application PLUS 30 days
 - D. The date of the medical examination
10. The Inflation-Adjusted Life Insurance Cost Index is a measure of
 - A. How life insurance costs have increased during the past 10 years
 - B. How much a single insurance policy will cost in 10 years
 - C. Term versus whole life costs
 - D. The relative costs of similar plans of life insurance

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11. If a disability renewal premium is not paid within the time granted for payment, "reinstatement" will typically occur if

- A. The company or its agent accepts a premium payment
- B. The insured mails his or her check to the company within 24 hours
- C. The agent authorizes it by phone
- D. The insured has a medical emergency

12. A life insurance policyholder who names an "irrevocable beneficiary" has . . .

- A. No further power to change the beneficiary, appoint further contingent beneficiaries, assign the policy or borrow against the loan value without the beneficiary's consent
- B. The right to any dividends payable
- C. The right, with an endorsement, to exercise prematurity rights (borrow, assign, `)
- D. All of the above rights or limitations

13. A Group Life Policy that is "noncontributory" implies that

- A. Employees of the company pay some or all of the premiums
- B. The entire premium is paid by the master policyholder and no identifiable premiums are required from individuals
- C. Policy proceeds are tax-free to employees
- D. A non-profit company / association is making all premium payments

14. Which of the following are requirements of an "Employee-employer Group Disability" insurance plan written under a master policy

- A. The insurance must be offered to all employees or to all of a class determined by conditions
- B. Insurance must cover not less than 3 employees or employees & spouses/dependents
- C. The insurance plan must preclude or eliminate individual selection as to the amount of insurance coverage
- D. All of the above are requirements

15. A "collateral assignment" of life insurance proceeds is

- A. Made to secure an indebtedness
- B. Assigns only a stipulated amount
- C. Conveys a complete transfer of ownership
- D. A & B only

16. Group Life Policies typically address the "addition of new eligible employees" in the following manner

- A. New employees are automatically enrolled
- B. Such employees must apply within a given time or be required to furnish evidence of insurability
- C. New employees are automatically enrolled but must provide insurability evidence
- D. Insurability is never an issue, but they must enroll within 5 days of being employed

17. "Total disability" is usually defined in terms of

- A. The insured's inability to perform material or important occupational duties
- B. The inability to perform the duties of any occupation for which the insured is reasonably suited
- C. The insured's inability to perform one or more but not all material or important occupational duties
- D. A & B only

18. An "incontestability clause" in a Life Insurance Policy states that the validity of the policy _____ by the insurer after it has been in force during the lifetime of the insured for a certain period, not more than two years, except for non payment of premiums.

- A. Cannot be contested
- B. Is subject to approval
- C. Will be reviewed
- D. Will never be awarded

19. A Guaranteed Insurability Rider is a supplementary benefit to a life insurance policy offered for an additional premium. This rider gives the insured the option of _____ regardless of _____.

- A. Reduced premiums / age
- B. Reducing insurance / age
- C. Additional insurance / medical insurability
- D. Buying a new policy / policy terms

20. The purpose of the "common disaster clause" is to prevent life insurance proceeds from going to the _____ if the insured and the primary beneficiary die in a common disaster.

- A. The insured
- B. Estate of the primary beneficiary
- C. The insurance company
- D. Executor

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21. Long Term Care Insurance includes all products containing any of the following benefits

- A. Institutional Care
- B. Home Care
- C. Community Based Care
- D. All of the above

22. Pre-existing conditions for Long Term Care Insurance is defined as " a condition for which advice or treatment was recommended by or received from a provider of health care within _____ months preceding the effective date of coverage of an insured".

- A. Three
- B. Six
- C. Nine
- D. Twelve

23. ADL's or activities of daily living are activities provided by a _____

- A. Doctor only
- B. Nurse only
- C. Skilled or unskilled person under medical direction
- D. HMO

24. Any long term care insurance advertising designed to produce leads must prominently disclose _____.

- A. That "an insurance agent will contact you" (If that is the case).
- B. The exact premium charged by age
- C. The agent's home address
- D. The agent's compensation

25. Long term care insurance companies worry about "adverse selection" because

- A. They know that long term care claims are on a "first come-first serve basis"
- B. The possibility that people who "know" they will use long term care services can disproportionately buy it and drive up use beyond expectations.
- C. They pay no matter who buys coverage
- D. It automatically assigns priority to those who need services most

26. A nursing facility only policy limits long term care benefits to _____, while a comprehensive long term care policy provides benefits for _____

- A. Both institutional and home care / Home care only
- B. Institutional care / institutional & home care
- C. Institutional care / home care
- D. Hospitals / home care

27. What are some features of policies offered through the California Partnership for Long Term Care

- A. Automatic inflation protection
- B. A once in a lifetime deductible & care coordination services
- C. Waiver of premium and interchangeable policy benefits
- D. All of the above

28. Examples of IADL's (Instrumental Activities of Daily Living) include

- A. Using telephones
- B. Managing medications
- C. Moving around outside
- D. All of the above

29. What are some of the major long term care changes produced by the passage of LTC laws?

- A. All of the following
- B. The definition of long term care
- C. New consumer provisions that did away with many gatekeepers and liberalized triggers for benefits
- D. Regulated agent compensation and imposed fines for improper sales practices

30. Concerning long term care "sales presentations" an insurance agent must present _____ to a prospective purchaser at the time of the initial solicitation.

- A. A valid drivers license
- B. An outline of coverage
- C. A specimen policy
- D. Proof of solicitation

31. Which of the following is true concerning a representation used to induce an insurance sale

- A. If false, the injured party may void the contract
- B. A representation may be oral or written
- C. The materiality of the representation is determined NOT by the event but by the reasonable influence of the facts
- D. All of the above are true

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32. An admitted insurer is one which has _____ . All others are nonadmitted insurers not entitled to transact insurance.

- A. A regional office
- B. 100 or more agents
- C. Received a certificate of authority
- D. \$5 million or more in assets

33. Which of the following is true about applications and insurance coverage

- A. All of the following
- B. No contract exists until the application for insurance is accepted
- C. For some types of insurance, an oral request by an applicant may be binding
- D. It is necessary that BOTH the agent and applicant agree to the company providing coverage

34. An "open policy" is one in which _____

- A. No premium is necessary until a loss has occurred
- B. The value of the subject matter is not agreed upon
- C. The measure of the indemnity is the expenses to the insured of replacing the thing lost or injured in its condition at the time of loss or injury
- D. B & C

35. When Conflicting Provisions occur between a policy and its endorsement, which if the following rules apply

- A. An endorsement added AFTER execution of the policy prevails
- B. Terms of the printed rider attached at the time of policy issue will prevail
- C. A written part of the policy specifically expressing agreement of the parties can prevail over general provisions of a printed endorsement
- D. All of the above

36. What is an insurer's "loss ratio"

- A. The ratio of actual losses and loss adjustments compared to earned premiums
- B. The ratio of expenses to income
- C. The ratio of assets to income
- D. The ratio of net income to losses

37. An asset spin-off is a procedure followed by some insurance companies where foreclosed or underperforming assets are transferred to a new entity created by the insurer. The purpose of doing this is

- A. To help the value of the new entity
- B. To avoid strict risk based capital requirements
- C. To perpetrate a deception
- D. To save taxes

38. As a general rule, INSURANCE COMPANIES INVEST only after they have met

- A. Surplus and reserve requirements
- B. The quick liquidity ratio
- C. The IRIS ratio
- D. Obligations to their agents

39. Medicare Supplement Coverage provides benefits to supplement the coverage provided under

- A. Rule 403b
- B. Medicaid rules and regulations
- C. Either or both parts of Medicare
- D. Deductible Medicare credits

40. According to research concerning Long Term Care, a person who lives to age 65 faces a _____ chance of spending some time in a nursing home.

- A. One in four
- B. One in three
- C. Four out of ten
- D. Fifty percent

41. Which of the following is true about a "stock insurer"

- A. It is owned by individuals who contribute capital through the purchase of stock
- B. Its gains or losses are shared with the stockholders through dividends and increases in the value of its stock
- C. Most issues nonparticipating policies which do NOT entitle insureds to participate in profits or earnings of the insurer
- D. All of the above are true

42. An insurance company might invest in a "collateralized mortgage obligation" to

- A. Earn a safe low-risk yield
- B. Earn higher yields, although at a higher risk
- C. Increase its real estate holdings
- D. Own real estate

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43. The transfer of Group Disability Insurance benefits

- A. May be made nonassignable by a provision in the policy
- B. Absent a provision prohibiting transfer may pass by transfer, will or succession
- C. May be transferred without notice to the company unless such notice is expressly required by the policy
- D. All of the above

44. An "exclusive agent" differs from an independent agents in that

- A. The agent enters into an agency agreement to represent one insurer or a group of specified insurers
- B. If the agent should leave the insurer to work for another insurer, the book of business is kept by the insurer
- C. The exclusive agent cannot give insureds a choice among insurers
- D. All of the above are true

45. What effect do recent GAAP (Generally Accepted Accounting Principles) rules have on nonperforming or underperforming real estate values

- A. None, GAAP rules apply only to cash flow
- B. Poorly performing real estate must be valued at its current market value
- C. All "bad" real estate deals must be valued at zero
- D. The highest available historical value can be used at anytime

END EXAM

145	Life & Health Skills Exam	9 Hours	Instructions
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