

FINAL EXAM – Return of Premium Term

1. The return of premium feature is offered as a _____.
 - A. Policy rider
 - B. Built-in provision
 - C. Letter of understanding
 - D. All of the above
2. In legal terms, the ROP concept closely resembles a _____.
 - A. Ponzi plan
 - B. Sinking fund
 - C. Cash value policy
 - D. Forced savings plan
3. Insurance contracts, to be deductible, must involve _____ the insured.
 - A. The Shifting of economic risk of loss away
 - B. Placing single deposits from
 - C. Risk of at least 90% of all premiums paid by
 - D. Be guaranteed for
4. The true target market for ROP life is the individual interested in _____, but hesitant to invest in insurance they may not need or permanent insurance they cannot afford.
 - A. Cheap payments
 - B. Guaranteed protection for life
 - C. Basic term protection
 - D. Building cash values
5. The Small v. King court case teaches us that just because a client asks for _____, an agent may not be liable to provide it.
 - A. A larger deductible
 - B. Full coverage
 - C. ROP coverage
 - D. Special pricing
6. Concerning ROP suitability, the growing popularity of ROP life may also make it _____.
 - A. More dangerous
 - B. Unpopular with regulators
 - C. Mandatory for you to advise clients of this option
 - D. Hard to qualify prospects
7. An insurance policy is *illusory* if a premium was paid for coverage which would not _____ under any reasonably expected set of circumstances.
 - A. Pay benefits
 - B. Exist
 - C. Cancel
 - D. Be guaranteed
8. The most noticeable disadvantage to the ROP concept is _____.
 - A. Premium payback
 - B. An elusive guarantee
 - C. Higher cost
 - D. Lower agent commissions
9. Considering the higher *cost of ROP*, you should only recommend an ROP rider if there is a reasonable likelihood that your client will _____.
 - A. Not live more than 15 years
 - B. Outlive the policy term
 - C. Be able to continue to pay the added cost
 - D. Be happy
10. A personal funding plan provides an ROP life owner the required amount of _____ and forced funding leading to a pot-of-money at some future date.
 - A. Premium deduction
 - B. Pure protection
 - C. Guarantee
 - D. Permanent coverage
11. Having high ethical standards can be more important than being right because honesty reflects character, while being right reflects _____.
 - A. Who you are
 - B. A level of ability
 - C. Less
 - D. Legal compliance
12. A special relationship with an insured demonstrated by years of experience creates additional _____.
 - A. Duty of care
 - B. Commissions
 - C. Reasons to call them
 - D. Licensing needs

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13. Cunningham v PFL life has relevance to ROP because the agent was sued for touting an insurance policy as _____.
- A. An investment vehicle
 - B. The end all to cure all
 - C. Permanent protection
 - D. A pension plan
14. One of the advantages of ROP life is that buyers tend to make a bigger commitment to their ROP policies because there are _____.
- A. Financial incentives to stay
 - B. Legal requirements to stay
 - C. Personal reasons to keep them
 - D. No alternatives
15. Marketeers of ROP try to convince clients there is a time value of money angle to ROP life. This is _____.
- A. True
 - B. Clearly a deception
 - C. Somewhat convincing
 - D. A great sales tool

---END OF EXAM--

196 **Return of Premium Life Exam** **3 Hours** **Instructions**

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