

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

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

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

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

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

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

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

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

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



[Back To Front Page](#)

WHY PRINT THE EXAM & DOWNLOAD BOOKS?

Short Answer: Compared to other web systems, with our method you finish the course quicker, spend less time online, get a copy of the book for reference and have a paper back-up of your answers . . . just in case!

Long Answer: Printing out the exam and saving the book to your computer means you can relax and finish the course offline at your own pace, without spending hours and hours on the internet; you'll have a readily available copy of the book for your library in case you need to refer to it; and, you eliminate the constant switching between an exam screen and a book screen . . . a big hassle that can add hours to completing an online course. We know, we've timed it! Some internet courses suggest using an online split screen to view the exam and book at the same time. Well, it sounds complicated, and unless you have a super, giant screen, the print is going to be tiny and unreadable for most people. Finally, a good reason for printing the exam and marking your answers is you have a paper back-up if your computer or the internet freezes . . . and, we've all been there!

HELP – HOW DOES IT WORK?



Print an exam and download (save) a textbook from our website. When done, shut off your internet connection and finish your course offline at your own pace. See instructions on the first page of your book. Complete your answer sheet by marking answers on the front page with a pen or pencil. Then, come back to www.CEclass.com . . . choose **Submit Answers** . . . quickly click in your answers, pay and get an instant Certificate of Completion on your own printer. Or, you can choose to fax or mail your answer sheet by following the "Choose How To Send" instructions on the front page.

If you need further information, click the green help button to see detailed audio-visual instructions or go to www.CEclass.com and press help or call **Customer Service (800) 498-5100 MF (9AM – 5PM)**

DISCOUNTS — \$5 and \$10 Courses!

THAT'S RIGHT! You can buy online courses as low as \$5 and \$10. It's our multiple course discount program. Your first course is priced at our regular low price . . . Additional courses cost you only \$1.25 per credit hour! That means you can meet your Ethics, Annuity or Anti-Money Laundering required hours for only \$5 each online. Or, take Long Term Care or Annuity Training for only \$10 each.

How do you get the discount? Download as many courses as you like from our website and take as long as you want to finish them. To get the discount, however, you must submit your answers to us all at the same time. When you pay online, our system automatically issues these discounts. If you fax or mail your answer sheets, we will calculate the discount for you every time.

COURSE CONDITIONS

THIS COURSE PROVIDES GENERAL INSURANCE EDUCATION. CONSULT A COMPETENT PROFESSIONAL REGARDING SPECIFIC MATTERS BEFORE ADVISING CLIENTS. We hope you are pleased with the quality and value our CE courses offer. If for any reason you are unsatisfied, return unused books and exams it to us within 30 days for a full refund (less postage). A passing score is 70%. We can only tell you if you passed. If you fail, you will have another chance to pass at no charge. Further re-testing will cost you \$15 per exam. You have one year to complete this course. However, you should finish as soon as possible since courses like these are subject to constant re-evaluation and change by the Department of Insurance. If this course fails to meet the standards and credit hours advertised, whether by state / agency changes or our mistake, we will refund your entire course fees. It is agreed that this amount is liquidated damages. It is agreed that any differences between you and us will be settled through binding arbitration in Riverside County, California. The State has approved credit hours for our courses, however, they ask us to mention that they do not endorse content or the author's opinions.