

**196** **Return of Premium Life** \$25 Web / \$29 Book Discounts Available **3 Hours** **Instructions**

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## 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

**FINAL EXAM – Return of Premium Term**

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--



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