

Finance

Life-Insurance
Life Insurance Licensing – Core Essentials



For More Information – Visit link below:

<https://www.examsboost.com/>

Product Version

- ✓ Up to Date products, reliable and verified.
- ✓ Questions and Answers in PDF Format.

Latest Version: 6.0

Question: 1

A policyowner borrows \$100,000 from his bank and is deciding whether to make the bank an assignee or a primary beneficiary on his \$400,000 policy. If the policyowner has family obligations, the best choice is to:

- A. Make the bank the primary beneficiary
- B. Put the bank as contingent beneficiary
- C. Use collateral assignment
- D. Split the primary beneficiary several ways

Answer: C

Explanation:

Collateral assignment makes the bank the primary beneficiary only to the extent of the loan balance. If the bank is the primary beneficiary, the bank may receive the entire face amount and would not be obligated to share the proceeds with the family. If a bank permitted a beneficiary split, it could result in the bank receiving more than the outstanding loan balance. Banks generally do not accept contingent beneficiaries.

Question: 2

After a policy is issued, the original application is:

- A. Part of the contract
- B. Shredded
- C. Returned to the applicant
- D. Stored for reference

Answer: A

Explanation:

Under the Entire Contract provision, the application, or a copy of it, is a permanent part of the insurance contract because it contains representations upon which the insurer must rely to extend coverage.

Question: 3

A policyowner has a straight life policy. To take money out of the policy, he can:

- A. Take out dividends and borrow cash surrender values
- B. Borrow cash values
- C. Stop premium payments
- D. Borrow dividends and cash surrender values

Answer: A

Explanation:

If a policy has dividends, those can be withdrawn at any time and cash surrender values can be borrowed up to certain limits. Dividends are not borrowed, and stopping premium payments can cause a policy lapse.

Question: 4

A policyowner changes from paying his premiums from quarterly to semi-annually. His premiums will:

- A. Decrease
- B. See higher dividends
- C. Increase
- D. Stay the same

Answer: A

Explanation:

Total premiums will decrease because the policyowner will pay a lower modal factor (periodic) fee. Dividends are not affected by modal factors.

Question: 5

The higher a policy's rating, the:

- A. Better the price
- B. More the face amount
- C. More the policy benefits
- D. Higher the cost

Answer: D

Explanation:

Ratings increase when insureds have higher risk profiles. To cover those risks, the company charges a higher premium called a rating.

Question: 6

Regulations require that when a replacement is planned,

- A. Forms must be signed by the agent and policyowner
- B. The policyowner notifies existing insurers
- C. New benefits must be added
- D. Costs are lower

Answer: A

Explanation:

If replacement is planned, replacement forms, signed by both the policyowner and the agent, are required. Adding benefits or lowering costs is not required. The replacing insurer notifies existing insurers that a replacement is planned.

Question: 7

Where permitted, policyowners can do all of the following, except:

- A. Take loans
- B. Change insureds
- C. Waive underwriting
- D. Change beneficiaries

Answer: C

Explanation:

Insurers set underwriting requirements, not policyowners. Where permitted, policyowners can change insureds (i.e., insured's spouse), take loans, and change beneficiaries.

Question: 8

An agent meets with a client who wishes to purchase life insurance. Which of the following forms the conditional contract coverage?

- A. Receipt of initial premium
- B. Results of physical
- C. Signature
- D. Application

Answer: A

Explanation:

The receipt of the initial premium forms the conditional contract and coverage for the issuance of a new policy.

Question: 9

An insurer invests some of its reserves in a Blue Chip bond fund. This is an example of:

- A. Off-book allocation
- B. Diversification
- C. Poor management
- D. Speculative risk

Answer: D

Explanation:

Speculative risk offers the possibility of gain or loss. While Blue Chip bond funds may be relatively safe, they are not guaranteed and can produce a loss.

Question: 10

A SEP-IRA has all of the following features, except the plan:

- A. Can be open and funded until October 15 for the previous year
- B. Allows the employer to fund the plan annually, or not
- C. Has higher limits than other IRAs
- D. Allows tax-free withdrawals before age 50 ½

Answer: D

Explanation:

The SEP-IRA is, for all purposes, an IRA that accepts employer contributions only. It is an IRA with penalties for withdrawals before age 59 ½. As an ERISA plan, it must treat all employees equally by funding eligible employees in a like percentage of their income as the employer funds for themselves. Contributions are discretionary with higher contributions and SEPs can be open and funded until the employer files taxes, even as late as October 15, if they extend their filing.

Question: 11

A policy that allows loans must make a loan available on that policy after:

- A. One year
- B. Three years
- C. Two years
- D. Four years

Answer: B

Explanation:

Insurance regulations require that cash value policies that allow policy loans must make loans available after three policy years.

Question: 12

All of these are permanent life insurance, except:

- A. Straight life
- B. Credit life
- C. Universal life
- D. Variable life

Answer: B

Explanation:

Credit life expires when the loan to which it is attached is paid in full. All others listed are considered to be permanent life.

Question: 13

A policyowner has a \$250,000 permanent life policy with \$45,000 in cash surrender values. If he borrows \$35,000 and the insured dies, the death benefit is:

- A. \$285,000
- B. \$260,000
- C. \$250,000
- D. \$215,000

Answer: D

Explanation:

The loan reduces the cash surrender value and the death benefit. If the face amount is \$250,000 and a loan is taken for \$35,000, the death benefit is \$215,000 (\$250,000 - \$35,000). Additionally, interest on the loan may reduce the death benefit.

Question: 14

Regarding beneficiaries, all of the following are false, except:

- A. Beneficiaries can be challenged
- B. Beneficiaries cannot be changed after the insured dies
- C. Only persons related to the insured may be beneficiaries
- D. A beneficiary must accept insurance proceeds

Answer: A

Explanation:

Persons who are not named as beneficiaries may challenge insurance payouts and such actions usually end up in court. Non-relatives, business partners, non-profits and others may be beneficiaries. After death, those who incurred medical bills or expenses for the deceased can be named beneficiaries and a beneficiary can decline an insurance payout.

Question: 15

Underwriters may consider on an applicant's profile all of the following, except:

- A. Convictions
- B. Disabilities
- C. Children
- D. Surgeries

Answer: C

Explanation:

The number of or lack of one's having children is not an underwriting factor.

Thank You for Trying Our Product

Discount Coupon Code:

EXAMSBOOST10

For More Information – **Visit link below:**

<http://www.examsboost.com/>



FEATURES

- ✓ **90 Days Free Updates**
- ✓ **Money Back Pass Guarantee**
- ✓ **Instant Download or Email**

Attachment

- ✓ **24/7 Live Chat Support**
 - ✓ **PDF file could be used at any**
- Platform**

- ✓ **50,000 Happy Customer**

Visit us at <https://www.examsboost.com/test/life-insurance/>