

Self

Assessment

1. Which of these statements is not correct concerning Life Insurance used in estate planning?
 - A. Life insurance proceeds are considered part of the estate.
 - B. Policies protected under statutory trusts are out of reach of creditors.
 - C. Life insurance proceeds are liable to be taxed
 - D. Life insurance may also provide for critical illnesses expenses that can erode the value of an estate.

2. Which of the statements below are correct with reference to the use of life insurance for estate planning?
 - I. If the nominee is the brother of the insured, the brother will be considered the executor and must distribute the proceeds received in accordance with the Will of the insured.
 - II. Policies held under statutory trusts cannot be assigned or pledge as security without the written consent of the trustee.
 - III. The Public Trustee will act only where there are no competent nominees and no surviving parent available to act as trustees concerning policy monies held under statutory trust.
 - A. I and II only
 - B. II and III only
 - C. I and III only
 - D. All are correct

3. Concerning nomination in a life policy, all are correct, except:
- A. Subsequent nominations by the policy owner will revoke earlier nominations.
 - B. Under Paragraph 5 (1) Of Schedule 10 of the FSA 2013, a statutory trust is created for all Malaysians if the nominee is his parent, spouse or children.
 - C. The Public Trustee may also be the trustee of policy moneys in some circumstances.
 - D. Under Paragraph 5 (1) Of Schedule 10 of the FSA 2013, only the death claim proceeds are protected from the creditors.
4. Which of the following are true in life insurance policies?
- I. Only natural persons may be named as nominees
 - II. When death claims are payable the insurer must pay the policy moneys to the nominees in full
 - III. "Non-trust" nominees shall receive policy moneys as executors of the estate of the deceased policy owner
 - IV. If it is intended to give moneys beneficially to "non-trust" nominees, policy benefits must be assigned to such nominees.
- A. I and II only
 - B. II and III only
 - C. II and III and IV only
 - D. All of the above
5. Which of the following are true of Assignments?
- I. The legal effect of assignments is to transfer ownership or legal title to another
 - II. May be Absolute or Conditional for the benefit of the assignee
 - III. Nominees of "non-trust" insurance policies will receive the policy moneys beneficially if the policy moneys are assigned in their favour otherwise they receive the moneys in the capacity of executors
 - IV. When policies are assigned for the purpose of collateral, the insurer shall pay to the nominee the balance of moneys in excess of that which is necessary to satisfy the assignee
- A. I and II only
 - B. II and III only
 - C. II and III and IV only
 - D. All of the above

6. The following except one, are features of a statutory trust of life insurance for Non-Muslims
- A. Establishes a fund which is free from creditors
 - B. The beneficiaries of a statutory trust are confined to parents, children and spouses.
 - C. The receipt of trustees gives full discharge to insurers
 - D. The policy owner's declaration in a will may be used to revoke the terms of the trust.
7. Which of the following is NOT applicable to absolute assignments?
- A. It may be used as a collateral for a loan
 - B. It may be sold for the cash value of a life policy
 - C. It may be used to create a gift of a life policy
 - D. It may be revoked by the directions in a will
8. A Conditional Assignment may be created to
- A. give rights to an assignee to claim the policy moneys upon the death of an assignor
 - B. revert all rights to the assignor under certain conditions
 - C. to give policy moneys to a named nominee beneficially
 - D. all the above
9. Which one of the following nominees in a life policy may not create a "statutory trust"
- A. daughter
 - B. spouse
 - C. adopted son
 - D. mother

10. A policy owner dies leaving his brother as a nominee of the policy moneys. Which one of the following is an accurate statement?
- A. The policy moneys are considered part of the estate to satisfy the deceased's debts.
 - B. The brother is entitled to the moneys after paying all debts.
 - C. The brother must apply for letter of administration to receive the claim.
 - D. The wife of the deceased may also be recognised as a claimant by the insurance company.

Answers : 1-C, 2-D, 3-B, 4-D, 5-D, 6-D, 7-D, 8-D, 9-D, 10-A

