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Review Missed Questions

**Take some time to review the questions you missed in the session you just completed.**

|  |  |
| --- | --- |
| This list shows all of the questions that you missed in the session you just completed. The answers you selected are in **bold**. The correct answers are highlighted in green. | |
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| #15. | Which of the following statements about a suicide clause in a life insurance policy is TRUE? |
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| a) | Suicide is excluded for a specific period of years and covered thereafter. |
| b) | Suicide is covered for a specific period of years and excluded thereafter. |
| c) | **Suicide is covered as long as the policy is in force.** |
| d) | Suicide is excluded as long as the policy is in force. |
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|  | In most states, if death results from suicide within a certain period, the insurer is not obligated to pay the death benefit. |
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| #24. | The death protection component of Universal Life Insurance is always |
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| a) | Adjustable Life |
| b) | **Increasing Term** |
| c) | Annually Renewable Term |
| d) | Whole Life |
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|  | A universal policy has two components: an insurance component and a cash account. The insurance component (or the death protection) of a universal life policy is always annual renewable term insurance. |
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| #33. | To attain currently insured status under Social Security, a worker must have earned at least how many credits during the last 13 quarters? |
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| a) | 4 credits |
| b) | 6 credits |
| c) | 10 credits |
| d) | **40 credits** |
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|  | To be considered currently (or partially) insured, an individual must have earned 6 credits during the last 13-quarter period. |
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| #36. | How are contributions to a tax-sheltered annuity treated with regards to taxation? |
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| a) | **They are taxed as income for the employee, but are tax free upon withdrawal.** |
| b) | They are not included as income for the employee, but are taxable upon distribution. |
| c) | They are never taxed. |
| d) | They are taxed as income for the employee. |
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|  | Funds contributed are excluded from the employee's current taxable income, but are taxable upon withdrawal. |
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| #38. | Equity indexed annuities |
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| a) | Invest conservatively. |
| b) | Seek higher returns. |
| c) | Are more risky than variable annuities. |
| d) | **Are security instruments.** |
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|  | Equity Indexed Annuities are not securities, but they invest on a relatively aggressive basis to aim for higher returns. Like a fixed annuity the Equity Indexed Annuity has a guaranteed minimum interest rate. The current interest rate that is actually credited is often tied to a familiar index like the Standard and Poor's 500. |
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| #57. | If a consumer requests additional information concerning an investigative consumer report, how long does the insurer or reporting agency have to comply? |
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| a) | 7 days |
| b) | **10 days** |
| c) | 3 days |
| d) | 5 days |
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|  | Consumers must be advised that they have a right to request additional information concerning investigative consumer reports, and the insurer or reporting agency has 5 days to provide the consumer with the additional information. |
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| #58. | All of the following are examples of third-party ownership of a life insurance policy EXCEPT |
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| a) | An insured couple purchases a life insurance policy insuring the life of their grandson. |
| b) | **A company purchases a life insurance policy on their manager, who is an important part of the operation.** |
| c) | When an insured purchased a new home, the insured made an absolute assignment of a life insurance policy to the mortgage company. |
| d) | An insured borrows money from the bank and makes a collateral assignment of a part of the death benefit to secure the loan. |
|  | |
|  | A collateral assignment is the transfer of some or all of the death benefits of the policy to a creditor as security for a loan, but does not give the creditor the rights of ownership. In the event of the insured's death, the creditor would only be able to recover that portion of the policy's proceeds equal to the creditor's remaining interest in the loan. |
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| #60. | The full premium was submitted with the application for life insurance, and the policy was issued two weeks later as requested. When does the policy coverage become effective? |
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| a) | As of the application date |
| b) | As of the policy delivery date |
| c) | As of the first of the month after the policy issue |
| d) | **As of the policy issue date** |
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|  | If the full premium was submitted with the application and the policy was issued as requested, the policy coverage effective date would generally coincide with the date of application. |
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| #63. | All of the following are TRUE statements regarding the accumulation at interest option EXCEPT |
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| a) | **The policyholder has the right to withdraw the accumulations at any time.** |
| b) | The interest is not taxable since it remains inside the insurance policy. |
| c) | The annual dividend is retained by the company. |
| d) | The interest is credited at a rate specified by the policy. |
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|  | The interest credited under this option is TAXABLE, whether or not the policyowner receives it. |
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| #84. | Insurance is the transfer of |
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| a) | Peril. |
| b) | Risk. |
| c) | **Loss.** |
| d) | Hazard. |
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|  | Insurance is the transfer of financial responsibility associated with a potential of a loss (risk) to an insurance company. |
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| #85. | When a producer was reviewing a potential customer’s coverage written by another company, the producer made several remarks that were maliciously critical of that other insurer. The producer could be found guilty of |
|  | |
| a) | Nothing, unless the remarks were in writing |
| b) | Defamation. |
| c) | **Misrepresentation.** |
| d) | Discrimination. |
|  | |
|  | A producer or broker who makes oral or written statements intended to injure another producer or insurer is guilty of the unfair trade practice of defamation. |
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| #89. | What does “liquidity” refer to in a life insurance policy? |
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| a) | **The death benefit replaces the assets that would have accumulated if the insured had not died.** |
| b) | The policyowner receives dividend checks each year. |
| c) | The insured receives payments each month in retirement. |
| d) | Cash values can be borrowed at any time. |
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|  | Liquidity in life insurance refers to availability of cash to the insured through cash values. |
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| #94. | To sell variable life insurance policies, an agent must receive all of the following EXCEPT |
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| a) | FINRA registration. |
| b) | **A securities license.** |
| c) | A life insurance license. |
| d) | SEC registration. |
|  | |
|  | Agents selling variable life products must be registered with FINRA, have a securities license, and must be licensed within the state to sell life insurance. SEC registration is for securities, not agents. |
|  | |
| #100. | A paid-up nonforfeiture benefit will become effective as specified in the policy, unless the person entitled elects another available option within how many days after the due date of the premium in default? |
|  | |
| a) | 15 |
| b) | **30** |
| c) | 60 |
| d) | 90 |
|  | |
|  | A paid-up nonforfeiture benefit will become effective as specified in the policy, unless the person entitled elects another available option within 60 days after the due date of the premium in default. |

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