All of the following factors may affect premium determination in individual life insurance except

A. Age
B. Health`
C. Occupation
D. Race

How often must insurance licensees subject to continuing education meet the educational requirements?

A. Each year
B. Every two years
C. Every three years
D. There is no requirement

Who normally receives dividends in a stock insurance company?

A. Only members of the Board of directors
B. shareholders
C. Beneficiaries
D. Producers

False Advertising of an insurance policy is an example of

A. Determination
B. Misrepresentation
C. Coercion
D. Boycott

The enbre contract provision in a life insurance policy states that the policy includes

A. The medical insurance bureau report
B. The application attached to the policy
C. Any attending physicians statement
D. The producers report to the insurer

An insurance producer who on behalf of a viator for a fee, offers or attempts to negotiate viatical settlement contracts between a viator and one or more viatcal settlement providers is a viatical settlement

A. Adjuster
B. advisor
C. Broker
D. Contractor

After completing an application for insurance the insurance producer collects the premiums but deposits the check in the insurance producer's checking account. What crime has been committed?

A. Twisting
B. rebating

C. Fraud
D. Replacement

The income benefits distributed during the liquidation phase of annuitant contract are normally payable to

A. The owner
B. The beneficiary
C. The nominator
D. The annuitant

The penalty tax incurred for premature distributions from an IRA is

A. 5%
B. 10%
C. 20%
D. 50%

When a wage earner dies the surviving family members may have all of the following expenses except

A. Final expenses
B. Unemployment liabilities
C. Family living expenses
D. Death taxes

The beneficiary of a life insurance policy is the

A. Person or entity who has ownership interest in the policy
B. Person or entity designated in the policy to receive the death proceeds
C. Insurer that issues the policy
D. Owner of the cash value fund

How many days does a former employee have to convert a group term policy to an individual policy after employment is terminated?

A. 10
B. 20
C. 30
D. 31

In order to solicit insurance an individual must achieve all of the following except

A. Pass the insurance exam
B. be at least 21 years of age
C. be appointed by insurance company
D. be of good character and trustworthy

Advertisements in general shall be

A. Approved by the insurance Commissioner

B. clear only by implication
C. clear only by familiarity with insurance terminology
D. truthful

According to the level premium concept in life insurance

A. The premium amount increases at a level rate throughout the policy period
B. The policy owner pays the same premium amount throughout the policy period
C. The premium amount decreases at a level rate throughout the policy period
D. The policy owner level of protection increases with each premium payment

Splitting the commission with the buyer on a sale of insurance is an unfair trade practice known as

A. Twisting
B. Binding
C. Soliciting
D. Rebating

A transaction in which a new life insurance policy is purchased and an existing life insurance policy is surrendered is called

A. Nonforfeiture
B. Replacement
C. Reinvestment
D. Rollover

The Maryland Insurance Administration is an agency of the

A. Federal government
B. State government
C. National Association of Insurance Commissioners
D. Maryland General Assembly

What does the annuitant usually receiving during the liquidation phase of an annuity?

A. Cash withdrawals upon request
B. Benefit payments at regular intervals
C. A lump sum
D. Nothing

A valid contract requires all of the following except

A. Offer and acceptance
B. Competent parties
C. consideration
D. Written evidence

The process of analyzing exposures that create risk and designing programs to handle them is called risk

A. Allocation
B. Management
C. Avoidance
D. Adjustment

Which one of the following statement about participating life insurance is true?

A. Policy owners may be entitled to receive dividends
B. Policyowners are assessed monthly for losses
C. The insured must be the policy owner
D. The insurer must be a stock company

All of the following statements about the life insurance protection provided by a family life insurance policy are true except

A. Most of the premium amount purchases whole life insurance for the head of the household
B. Life insurance coverage is provided automatically to children born during the policy period
C. Coverage is available only to heads of household who are 30 years old or younger
D. Coverage for dependents can be converted to whole life insurance without evidence of insurability

Publishing a derogatory article about the financial condition of an insurer which is false and calculated to inquire the insurer is an example of

A. Defamation
B. Intimidation
C. Extortion
D. Coercion

A life insurance policy beneficiary's life expectancy has a direct bearing upon

A. The policy value that will be includable in the insured's estate
B. The taxable portion of each benefit payment under a life income settlement option
C. The total amount payable under the policy as a result of insured's death
D. The premium rate for each $1,000 of face amount

The purpose of the Life and Health Insurance Guaranty Corporation is to guarantee

A. The issuance of life insurance policies
B. The issuance off life insurance and health insurance policies
C. Benefits if the insurer is unable to pay benefits due to impairment or insolvency
D. That an insurance company will never fail

If after submitting an application a producer becomes aware of a material fact that may affect the underwriting decision the producer's ethical responsibility requires that the producer

A. Deny knowledge of the fact
B. Acknowledge the fact only if asked by the insurance company

C. Advise the applicant to amend the application
D. Report the fact to the insurance company

A premium receipt which may provide immediate protection but only if the applicant is incurable is called

A. An approved receipt
B. A conditional receipt
C. A binding receipt
D. An application receipt

The Maryland Insurance Administration may suspend on agent's license for all the following reasons except

A. Engaging in fraudulent or dishonest practices
B. Mishandling premium payments
C. Sharing commissions with agents holding the same license type
D. Violating a regulation or order of the Maryland Insurance Administration

What is the minimum length of time a life insurance company may legally defer paying the cash value of a surrendered policy

A. 1 month
B. 3 month
C. 6 month
D. 12 month

Which is normally true about a mortgage protection life insurance policy?

A. The policy dividends are used to pay the mortgage payments
B. The death benefit is intended to decrease with the balance of the insured's mortgage loan
C. It converts to a paid up policy when the mortgage loan is paid in full
D. It is the same as a "minimum deposit" financing arrangement

An insurance producer MUST do as of the following in order to review the insurance producer's license except

A. Pay the required renewal fee to the Commissioner
B. complete the continuing education requirements
C. Send the application within 30 days of the license expiration date
D. File the renewal application with the Commissioner

What is the purpose of backdating a life insurance policy?

A. To eliminate the free look period
B. To use premiums based on an earlier age
C. To make coverage effective prior to a recent medical problem
D. To decrease the face value of the policy

If an insurer knowingly fails to enforce a policy provision on one occasion, the insurer may be prevented from enforcing it on a subsequent occasion by the principle of

A. Adhesion
B. Waiver
C. Estoppel
D. Subrogation

In surrendering a life insurance contractor for its cash value, the total of premiums paid less the total off any dividends received in cash or used to offset premiums is

A. The cash value
B. The loan value
C. The gross proceeds
D. The cost basis

Which financial institution may issue annuity contracts?

A. Savings and loan associations
B. LIfe insurance companies
C. Mutual fund companies
D. Trust companies

Which activity is an unfair claims settlement practice?

A. Negotiating the payment of claims where coverage or liability is in question
B. Denying claims on the basis of specific policy provisions
C. Including an arbitration provision in the insurers policies
D. Offering settlements that are less than the fair value to offset insurer expenses

In the event of a death claim under a life insurance policy what happens to the amount of any existing policy loan?

A. It is deducted from the face amount of the policy together with any interest due
B. The beneficiary has an obligation to pay the amount to the insurance company
C. It represents a primary claim against the estate of the insured
D. It is canceled and the beneficiary receives the face amount of the policy

A policy owner uses a Section 1035 exchange to replace an existing life insurance policy. If the new policy is later surrendered the gain realized on termination is taxed as

A. Ordinary income
B. A capital gain
C. Ordinary income plus a 10% surcharge
D. A deferred capital gain

All of the following are common underwriting factor used by life insurance companies except

A. Ethnic heritage
B. Amount of insurance applied for
C. Driving record

D. Family health history

A non-smoker who is in good health and follows sound health practices is usually classified as a
A. Preferred risk
B. General risk
C. Standard risk
D. Substandard risk

Which one of the following causes of death typically would be included under an accident death rider attached to a life insurance policy?
A. Intentionally self-inflicted inquiries
B. Illness or disease
C. War or acts of war
D. Automobile accidents resulting from the insured's negligence

A group policy may be issued to a labor union. The members eligible for insurance under the policy shall be
A. Members of any union
B. All of the members of the union
C. Only members of the union who are under the age of 65
D. healthy members of the union

Under the Maryland law, the agreement between an insurance producer and insurer under which the insurance producer for compensation may sell, solicit, or negotiate policies issued by the insurer is defined as
A. An appointment
B. A binding agreement
C. A certificate of authority
D. A license

An insurance producers license may be suspended or revoked by
A. The appointing insurer
B. The continuing education course provider
C. The Maryland Insurance Administration
D. The Attorney General

A universal life insurance policy can be described most accurately as a combination of
A. A mutual fund and a whole life insurance policy
B. A term insurance policy and an annuity
C. An endowment policy and an interest sensitive deposit fund
D. A flexible premium deposit fund and a monthly renewable term insurance policy

A contract which depends on an unforeseen event and in which the exchange of values may be unequal is

A. A contract of adhesion
B. A unilateral contract
C. An aleatory contract
D. A commutative contract

The Medical Information Bureau may release information in the proposed insured's file to
A. Employment Agencies
B. Member insurance companies
C. The insured's employer
D. Any physician

A life insurance policy becomes incontestable after it has been in force for
A. 30 days
B. 6 months
C. 2 years
D. 3 years

An insurance agent's license may be revoked for all of the following reasons except
A. Having no insurer appointment in effect for ten days
B. Having been found guilty of rebating
C. being convicted of a felony
D. Violating any insurance statute or regulation

How long will income benefit payments continue under a life annuity with ten years certain?
A. Until the annuitant dies, or for ten years whichever is longer
B. Until the annuitant dies, and for an additional ten years
C. Only until the annuitant dies, regardless of when death occurs
D. Only for ten years, regardless of how long the annuitant lives

Which one of the following statements about the grace period in life insurance policies is true?
A. It is designed to prevent unintentional lapses
B. It is designed to provide free insurance
C. It is included only at the option of the company
D. It is included only when an additional premium is charged

The head of the Maryland insurance Administration is the
A. Governor
B. Commissioner
C. Lieutenant Governor
D. Secretary of Insurance

An existing life insurance policy is sold by the policy owner to help finance the cost of a terminal illness. This is an example of
A. A nonforfeiture option

B. An accelerated death benefit
C. A viatical settlement
D. A survivorship policy

The purpose of licensing insurance agents is to
A. Limit the number of agents who do business within Maryland
B. Demonstrate that the agents qualified to act on behalf of insurers in Maryland
C. Monitor insurance sales activity in Maryland
D. Regulate rates to prevent unfair discrimination among insureds

It is unlawful for a person to provide an advertisement that
A. Points out coverage advantages of a policy
B. Refers to the insurer's financial rating
C. Uses a policy title to misrepresent a coverage
D. Makes a comparison of benefits between policies

An insurance interest in each other's lives may exist in the absence of an economic interest when the individuals are
A. Competitors
B. Business associates
C. Marriage partners
D. Traveling companions

Which advantage does an employer gain by providing a qualified retirement plan as contrasted to a non-qualified plan?
A. It can be designed for the exclusive benefit of several key employees
B. The employer's contributions to the plan are tax deductible
C. The plan funds are available for general business needs
D. It is useful in rewarding selected employees or good work performance

Which of the following reinforces the rule that ambiguities in insurance contracts should be interpreted in favor of the policyholder?
A. Representation
B. Reasonable expectations
C. Retention
D. Retrocession

A licensee must report each of the following to the Maryland Insurance Administration except
A. Change of name
B. Change of residence address
C. Change in financial status
D. Felony convictions

The annual addition to an employee's account in a qualified retirement plan

A. Can be any amount as determined by the employer from year to year
B. Must be the same dollar amount for every full time employee
C. Cannot exceed maximum limits set by the Internal Revenue Service
D. Usually reflects the employees individual work performance each year

The free lock period provided in a life insurance policy is usually
A. 10 days
B. 31 days
C. 45 days
D. 60 days

In determining the payment of accelerated life insurance benefits, all of the following are considered activities of daily living except
A. Dressing
B. Eating
C. Bathing
D. Speaking

Which one of the following is a decreasing term insurance rider that can be attached to some forms of permanent life insurance?
A. Juvenile insurance
B. Family income
C. Family maintenance
D. Preferred risk

All of the following statements about benefit payments under a life annuity with period certain are true except
A. The benefits are guaranteed for a specified minimum period
B. The benefits are paid at regular intervals
C. The benefits are guaranteed for the lifetime of the annuitant
D. The benefits are adjusted for inflation

Which of the following life insurance settlement options pays a predetermined monthly benefit until principal and interest are exhausted?
A. The fixed amount installment option
B. The accelerated endowment option
C. The interest only option
D. The fixed period installment option

Which of the following statements about cash values in whole life insurance policies is true?
A. They result from the level premium concept
B. They cannot be guaranteed
C. They equal the policy face value at age 65
D. They typically increase until age 65 and remain level thereafter