

01	☐ A	☐ B	☐ C	☐ D	☐ E
02	☐ A	☐ B	☒ C	☐ D	☐ E
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06	☒ A	☐ B	☐ C	☐ D	☐ E
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31	☐ A	☐ B	☐ C	☒ D	☐ E
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35	☐ A	☐ B	☐ C	☐ D	☒ E
36	☐ A	☐ B	☐ C	☒ D	☐ E
37	☐ A	☐ B	☐ C	☐ D	☒ E
38	☐ A	☐ B	☐ C	☒ D	☐ E
39	☐ A	☐ B	☐ C	☐ D	☒ E

PRACTICE QUESTIONS

CALIFORNIA DEPARTMENT OF INSURANCE

Z97SE4HN

CDI Site - Life and Disability Insurance Analyst Examination

EDITION

Demo

QUESTIONS

9

FORMAT

Limited Edition PDF

Before you begin

What this is

9 practice questions for CALIFORNIA DEPARTMENT OF INSURANCE **Z97SE4HN**, each with its answer key and an explanation. Answer a question before you read its key — the explanation is worth more once you have committed.

If something looks wrong

Send us three things and we will check it:

- the exam code, **Z97SE4HN**
- the question number
- the email address on your order

Write to **support@mometrix.net**. We reply within one business day.

QUESTION 1

MULTIPLE CHOICE

Which of the following are characteristics of a whole life insurance policy? (Choose two.)

- ☒ **A** Provides permanent life insurance protection for the insured's entire lifetime
- ☐ **B** Premium rates increase annually as the insured ages
- ☒ **C** Builds guaranteed cash value over time
- ☐ **D** Provides coverage only for a specified limited period

ANSWER **A - C**

WHY Whole life insurance is a form of permanent insurance that provides lifetime protection, provided premiums are paid. It also builds guaranteed cash value on a tax-deferred basis. Premiums are generally level (not increasing annually), and coverage is permanent rather than limited to a specified period.

QUESTION 2

MULTIPLE CHOICE

Which of the following provisions commonly found in disability income insurance policies require the insurer to pay benefits even when the insured is working in some capacity? (Choose two.)

- ☒ **A** Residual benefits provision
- ☐ **B** Waiver of premium provision
- ☒ **C** Recovery benefit provision
- ☐ **D** Noncancelable and guaranteed renewable provision

ANSWER **A - C**

WHY Residual benefits and recovery benefits are designed to continue paying benefits when the insured returns to work in a limited capacity or is still experiencing a partial loss of income. Waiver of premium excuses premium payment during disability but does not pay a benefit while working. Noncancelable/guaranteed renewable provisions relate to the insurer's inability to cancel or raise premiums on the policy.

QUESTION 3

TRUE FALSE

Under the California Insurance Code, a life agent who also wishes to sell disability insurance must hold a separate disability agent license, but the same individual license number can be used for both lines if the licensee maintains the qualifying certification.

☒ **A** True☐ B False**ANSWER A**

WHY True. California requires a separate qualifying certification (and license authority) for each major line of authority. A life-only licensee must obtain the proper disability line authority (or a full-line license) in order to transact disability insurance; however, the producer's individual license number (NPN) remains the same identifier across lines under the CDI/NAIC producer database model.

QUESTION 4

SINGLE CHOICE

When an insured designates a primary beneficiary and a contingent beneficiary on a life insurance policy, and the primary beneficiary dies before the insured, what happens to the death benefit?

☐ A The death benefit escheats to the state where the policy was issued.☐ B The death benefit is paid to the deceased primary beneficiary's estate.☒ **C** The death benefit is paid to the named contingent beneficiary.☐ D The insurer holds the death benefit indefinitely until a court determines the proper payee.**ANSWER C**

WHY The contingent beneficiary is specifically named to receive the proceeds if the primary beneficiary predeceases the insured (or otherwise cannot receive the benefit). The benefit does not escheat to the state simply because the primary beneficiary died, nor does it pass through the primary beneficiary's estate (which would defeat the purpose of naming a contingent).

QUESTION 5

SINGLE CHOICE

Under California regulations, which of the following actions by a life insurance producer would most likely constitute an unfair trade practice?

- ☐ A Using a state-approved illustration software to demonstrate policy values
- ☐ B Recommending that a client replace an existing policy after completing a full suitability comparison and documenting the rationale
- ☒ C **Knowingly misrepresenting the dividends paid on a participating whole life policy to induce the applicant to purchase**
- ☐ D Delivering the policy in person to the insured within the required free-look period

ANSWER C

WHY Knowingly misrepresenting policy facts (such as dividends, non-guaranteed elements, or policy features) is a misrepresentation and an unfair trade practice under the California Insurance Code. The other options either describe compliant behavior or actions explicitly required or permitted by regulation.

QUESTION 6

SINGLE CHOICE

Which of the following is a true statement about a policy loan against the cash value of a whole life policy?

- ☐ A The policy terminates automatically when any policy loan is taken.
- ☐ B The insurance company must approve the loan before it is granted.
- ☒ C **The loan reduces the death benefit payable to the beneficiary by the outstanding loan balance if unpaid at death.**
- ☐ D Interest charged on policy loans is always tax-deductible to the policyowner.

ANSWER C

WHY An outstanding policy loan (plus accrued interest) is deducted from the death benefit when the insured dies, because the cash value securing the loan is no longer available to pay the full face amount. Taking a policy loan does not automatically terminate the policy, the policyowner typically does not need insurer approval for a policy loan, and interest on policy loans is generally not tax-deductible.

QUESTION 7

SINGLE CHOICE

An 'own occupation' definition of disability in an individual disability income policy generally provides that benefits are payable when the insured:

- ☐ A Cannot perform any occupation for which they are reasonably suited by training or experience.
- ☒ B Cannot perform the material and substantial duties of their regular occupation.
- ☐ C Is hospitalized for any period, regardless of ability to work.
- ☐ D Has reached age 65, regardless of working status.

ANSWER B

WHY Under an 'own occupation' definition, the insured qualifies for benefits if they are unable to perform the material and substantial duties of their own regular occupation. The 'any occupation' definition (Option A) is a stricter standard typically used after a period of benefit payments or under group LTD plans. Hospitalization and attainment of a specific age do not, by themselves, trigger benefit eligibility.

QUESTION 8

SINGLE CHOICE

Which of the following is a key characteristic that distinguishes group life insurance from individual life insurance in California?

- ☐ A Group life insurance always requires a medical exam for every certificate holder.
- ☒ B Group life insurance is typically issued without individual evidence of insurability when enrollment occurs under the plan rules.
- ☐ C Group life insurance has no conversion privilege under any circumstance.
- ☐ D Group life insurance provides only accidental death coverage.

ANSWER B

WHY One of the defining features of group life insurance is the use of group underwriting rather than individual underwriting. Eligible members are typically issued coverage without providing individual evidence of insurability (subject to plan rules). Group policies commonly include a conversion privilege allowing members to convert to individual coverage upon termination, and coverage is not limited to accidental death.

QUESTION 9

SINGLE CHOICE

Under California rules, when a life insurance policy is being replaced, the replacing insurer must deliver a copy of the 'Notice Regarding Replacement of Life Insurance' to the applicant:

- ☐ A Only if the applicant requests it in writing.
- ☒ B At the time the application is taken, and a signed copy must be retained in the producer's records.
- ☐ C Within 30 days after the policy is issued.
- ☐ D Only if the cash value of the new policy exceeds \$10,000.

ANSWER B

WHY California regulations require that when a replacement is involved, the applicant must be provided with the replacement notice prior to or at the time the application is taken, and a signed acknowledgment must be kept on file. The duty is not contingent on a written request from the applicant, not delayed 30 days after issue, and not limited by cash value thresholds.