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39	A	B	C	D	E

PRACTICE QUESTIONS

Certus

QXGUBVUG

[HI INS-CE] 21 Hour Life and Health Review

EDITION

Demo

QUESTIONS

9

FORMAT

Limited Edition PDF

Before you begin

What this is

9 practice questions for Certus QXGUBVUG , 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, QXGUBVUG
- the question number
- the email address on your order

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

QUESTION 1 SINGLE CHOICE

An insured purchases a life insurance policy that provides a level death benefit for a specified period and pays only if the insured dies during that period. Which type of policy is this?

- ☐ A Whole life insurance
- ☐ B Universal life insurance
- ☒ C Term life insurance
- ☐ D Variable life insurance

ANSWER C

WHY Term life insurance provides coverage for a specified period and pays the death benefit only if the insured dies during that term. Whole, universal, and variable life are permanent policies that build cash value and are intended to remain in force for the insured's entire life.

QUESTION 2 SINGLE CHOICE

A health insurance policy that provides coverage for a single, specified event or procedure and pays a fixed benefit amount is best described as:

- ☐ A Comprehensive major medical insurance
- ☒ B Limited benefit health insurance
- ☐ C Long-term care insurance
- ☐ D Disability income insurance

ANSWER B

WHY Limited benefit health insurance (sometimes called dread disease, accident, or hospital indemnity insurance) covers only a specific event, illness, or procedure and pays a fixed, limited benefit. Comprehensive major medical covers a broad range of services subject to deductibles and coinsurance, while long-term care and disability income are separate coverages.

QUESTION 3

SINGLE CHOICE

Which policy provision allows the insured to purchase additional amounts of life insurance at specified dates without evidence of insurability?

- ☐ A Conversion privilege
- ☒ B Guaranteed insurability rider
- ☐ C Payor benefit rider
- ☐ D Automatic premium loan

ANSWER B

WHY The guaranteed insurability rider gives the policyholder the right to purchase additional coverage at specified ages or life events (such as marriage or birth of a child) without providing evidence of insurability. The conversion privilege allows conversion of a term policy to a permanent policy, the payor benefit waives premiums if the payor dies or becomes disabled, and the automatic premium loan is used to keep a policy in force by borrowing from cash value.

QUESTION 4

SINGLE CHOICE

Under most group health insurance policies, the coordination of benefits (COB) provision is used to:

- ☐ A Prevent the insured from filing claims with more than one insurer
- ☒ B Limit the total benefits paid across multiple policies to no more than 100% of the covered expenses
- ☐ C Allow each insurer to pay the full amount of its policy benefits regardless of other coverage
- ☐ D Require the insured to choose a primary care physician

ANSWER B

WHY Coordination of benefits is a provision designed to prevent overinsurance by ensuring that when multiple group policies cover the same individual, the combined benefits from all sources do not exceed 100% of the actual covered expenses. It does not prevent filing claims with multiple insurers, does not allow full payment from each, and is unrelated to PCP selection.

QUESTION 5 SINGLE CHOICE

On a life insurance application, who is responsible for paying the agent's commission?

- ☐ A The applicant
- ☐ B The policyowner
- ☐ C The beneficiary
- ☒ D The insurer

ANSWER D

WHY Commissions paid to a life insurance agent are paid by the insurer (the insurance company), not by the applicant, policyowner, or beneficiary. The premium the policyowner pays is set to cover the cost of insurance, expenses, and commissions, but the commission itself is paid by the insurer to the agent.

QUESTION 6 MULTIPLE CHOICE

Which of the following are factors a health insurer typically considers when underwriting an individual health insurance policy? (Choose two.)

- ☒ A The applicant's age
- ☐ B The applicant's marital status alone
- ☒ C The applicant's health history
- ☐ D The applicant's occupation

ANSWER A - C

WHY Individual health insurance underwriting evaluates risk factors such as the applicant's age and health history (including pre-existing conditions, prior medical treatment, and current health status). Marital status by itself is not a rating factor, and while some policies may consider occupation for accident or disability coverage, standard individual major medical underwriting is primarily based on age and health. Selecting B and D overstates the typical factors.

QUESTION 7

MULTIPLE CHOICE

Which of the following statements about federal income tax treatment of a personally owned life insurance policy are generally true? (Choose two.)

- ☒ **A** Death benefits are generally received income-tax-free by the beneficiary
- ☐ **B** Proceeds are always taxable as ordinary income to the beneficiary
- ☒ **C** Cash value growth on a permanent policy generally accumulates on a tax-deferred basis
- ☐ **D** Cash value growth on a permanent policy is taxed as ordinary income each year as it is earned

ANSWER A • C

WHY Under IRC Section 101(a), death benefits paid under a personally owned life insurance policy are generally received income-tax-free by the beneficiary. Under IRC Section 7702, cash value growth inside a permanent policy (such as whole life or non-MEC universal life) accumulates on a tax-deferred basis and is not taxed as ordinary income each year. Statements B and D contradict these fundamental tax rules.

QUESTION 8

SINGLE CHOICE

An HMO member is required to obtain a referral from their primary care physician before seeing a specialist. This requirement is an example of:

- ☒ **A** Gatekeeping
- ☐ **B** Adverse selection
- ☐ **C** Moral hazard
- ☐ **D** Experience rating

ANSWER A

WHY Gatekeeping is the managed care practice in which a primary care physician must authorize referrals to specialists in order to control utilization. Adverse selection is the tendency of higher-risk individuals to seek coverage more aggressively; moral hazard is the tendency of insured individuals to use more services because they are insured; experience rating sets premiums based on a group's prior claims.

QUESTION 9

SINGLE CHOICE

An annuity contract in which the annuitant begins receiving payments immediately upon purchase is called:

- ☐ A A deferred annuity
- ☒ B An immediate annuity
- ☐ C A single premium deferred annuity
- ☐ D A flexible premium annuity

ANSWER B

WHY An immediate annuity (single premium immediate annuity, or SPIA) is purchased with a single lump sum and begins paying income to the annuitant within a short period, typically one payment interval after purchase. A deferred annuity delays the start of income payments to a future date chosen by the owner.