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39	A	B	C	D	E

PRACTICE QUESTIONS

Utah Insurance

1724

Consultants Life Exam

EDITION

Demo

QUESTIONS

9

FORMAT

Limited Edition PDF

Before you begin

What this is

9 practice questions for Utah Insurance 1724 , 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, 1724
- the question number
- the email address on your order

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

QUESTION 1

SINGLE CHOICE

Under Utah insurance regulations, when recommending a life insurance or annuity product to a consumer, a consultant is primarily required to:

- ☐ A Recommend the product with the highest commission rate available to the consultant
- ☒ B Ensure the product is suitable based on the consumer's financial situation, insurance needs, and objectives
- ☐ C Limit recommendations to term insurance products only
- ☐ D Obtain the consumer's signed waiver of the free-look period

ANSWER B

WHY Utah's suitability standards require producers to have a reasonable basis to believe the recommendation effectively addresses the consumer's financial situation, insurance needs, and objectives. Recommending based on highest commission, restricting to one product type, or waiving the free-look period are not appropriate practices.

QUESTION 2

SINGLE CHOICE

A life insurance consultant licensed in Utah must comply with which of the following continuing education requirements to maintain the license?

- ☒ A 12 hours of CE every three years, including a required ethics component
- ☐ B 24 hours of CE every two years with no ethics requirement
- ☐ C 6 hours of CE annually, all of which must be product-specific
- ☐ D No continuing education is required once the initial license is issued

ANSWER A

WHY Utah producers are required to complete 24 hours of CE every two-year license term, which must include an ethics/professional responsibility component, prior to license renewal. The other options misstate the CE cycle or requirement.

QUESTION 3 SINGLE CHOICE

When a consultant is involved in replacing an existing life insurance policy or annuity, what is the primary purpose of the required disclosure documentation?

- ☐ A To allow the insurer to increase the new policy's premium
- ☒ B To inform the consumer of the financial consequences, including surrender charges, loss of benefits, and new contestability periods
- ☐ C To transfer the existing policy's cash value directly to the consultant
- ☐ D To eliminate the free-look period on the new contract

ANSWER B

WHY Replacement disclosures are designed to ensure the consumer understands the full financial implications of replacing existing coverage, including surrender charges, new contestability and suicide periods, any loss of benefits or guarantees, and any tax consequences, so the consumer can make an informed decision.

QUESTION 4 SINGLE CHOICE

A primary beneficiary predeceases the insured and no contingent beneficiary is named. Under standard life insurance policy provisions, the death benefit will most likely be paid to:

- ☒ A The insured's estate
- ☐ B The state unclaimed property fund
- ☐ C The insurance company
- ☐ D The applicant's employer

ANSWER A

WHY If no named beneficiary (primary or contingent) is living at the time of the insured's death, the proceeds are payable to the insured's estate under the default beneficiary provision of most life insurance contracts.

QUESTION 5 SINGLE CHOICE

Under federal tax law, the death benefit of a life insurance policy paid to a named beneficiary is generally:

- ☐ A Fully taxable as ordinary income to the beneficiary
- ☐ B Subject to capital gains tax
- ☒ C Received income tax-free under IRC Section 101(a)
- ☐ D Taxed only if the policy was in force for less than one year

ANSWER C

WHY Under IRC Section 101(a), amounts received under a life insurance contract paid by reason of death of the insured are generally excluded from the beneficiary's gross income. Interest payouts, however, are taxable as ordinary income.

QUESTION 6 SINGLE CHOICE

Which of the following best describes a 'level premium' term life insurance policy?

- ☐ A Premiums increase annually based on the insured's attained age
- ☒ B Premiums remain the same for a specified period (e.g., 10, 20, or 30 years) and the face amount is generally level during that period
- ☐ C Premiums are paid only at the time of death
- ☐ D Premiums are waived permanently after the first policy year

ANSWER B

WHY Level premium term insurance provides a level face amount with premiums that remain constant during the stated period. After the level period ends, renewal is typically at higher rates reflecting the insured's older age, or the policy may expire.

QUESTION 7

SINGLE CHOICE

The purpose of the 'free-look' provision in a newly delivered life insurance policy is to:

- ☐ A Allow the insurer 10 days to review the application for accuracy
- ☒ B Permit the policyowner a period (commonly 10 days) to review the contract and return it for a full refund if not satisfied
- ☐ C Provide free coverage for the first 10 days of the policy
- ☐ D Waive the premium for the first policy month

ANSWER B

WHY The free-look provision gives the policyowner a stated period (commonly 10 days, sometimes longer by state law) after delivery to review the policy and cancel it for a full premium refund. This protects consumers from being bound by a contract they did not fully understand.

QUESTION 8

SINGLE CHOICE

Under Utah law, an insurance producer who knowingly makes a false statement on an insurance application may be subject to:

- ☒ A License suspension or revocation, civil penalties, and possible criminal prosecution
- ☐ B Mandatory issuance of an annuity contract
- ☐ C A requirement to take an additional term exam only
- ☐ D No consequences if the policy is not issued

ANSWER A

WHY Utah's Insurance Code and Administrative Rules provide that making false statements, misrepresentations, or fraudulent acts in connection with an insurance transaction can result in administrative action against the producer (suspension, revocation, fines) and may also constitute a criminal offense under Utah's insurance fraud statutes.

QUESTION 9

SINGLE CHOICE

A life insurance consultant licensed in Utah is required to maintain a primary place of business in the state. Which of the following best describes how this address is established under Utah insurance regulations?

- ☐ A It is automatically the consultant's home residence at the time of initial licensure.
- ☒ B It is designated on the producer license application and reported to the Utah Insurance Department.
- ☐ C It is assigned by the insurer that sponsors the consultant.
- ☐ D It is the address of the consultant's affiliated bank or financial institution.

ANSWER B

WHY Under Utah insurance regulations, a licensed producer (including a life insurance consultant) must designate a primary place of business/address, which is reported to the Utah Insurance Department through the licensing process. This address is not automatically assigned by an insurer or based on a financial affiliate, and it is not simply presumed to be the home residence at licensure.