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# **“Business Planning For The Insurance Producer: A Guide To Personal or Small Agency Sales”**

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**“Business Planning For The Insurance Producer:**

**A Guide To Personal or Small Agency Sales”**

**completed with DOHRN ONLINE ACCESSIBLE COURSE MATERIALS**

MY NAME IS: (PRINT clearly) \_\_\_\_\_

I am completing the above named course program and I am also submitting a completed and signed exam answer sheet and registration form with payment

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NAME \_\_\_\_\_ SIGNATURE \_\_\_\_\_ NPN \_\_\_\_\_  
 (PRINT)

**“BUSINESS PLANNING FOR THE INSURANCE PRODUCER...”**

- |             |             |
|-------------|-------------|
| 1) A B C D  | 26) A B C D |
| 2) A B C D  | 27) A B C D |
| 3) A B C D  | 28) A B C D |
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| 25) A B C D | 50) A B C D |

# Business Planning For The Insurance Producer: A Guide To Personal or Small Agency Sales

## Self Study Examination

**Instructions:** This examination consists of 50 questions in multiple choice format. Four possible answers have been presented for each question. On your answer sheet indicate the best answer to each question. There is no penalty for guessing incorrectly.

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### **A) Section One: Introduction to Business Planning (Questions 1-2)**

*(5% of Time - .75 Hours/Content - 2 Questions)*

- 1) The best overall approach to creating an effective business plan is to
  - A) do whatever is necessary to convince a bank of your likely success
  - B) hire a professional
  - C) step outside of yourself to analyze the opportunity you are presenting as if you are an independent third party
  - D) present it to family and friends for a thorough appraisal
  
- 2) Writing a business plan is likely to accomplish all of the following results, except
  - A) confuse the creator
  - B) reinforce a good idea
  - C) expose a weak concept
  - D) make financing more likely than by not committing the plan to writing

### **B) Section Two : The Marketing Process Questions 3-15**

*(25% of Time-3.75 hours/Content - 13 Questions)*

- 3) The best definition of “the sale” is
  - A) The overall process of bringing a product or service to market
  - B) The beginning of the marketing process
  - C) The final expression of the selling idea
  - D) The beginning and conclusion of the marketing concept
  
- 4) The most common view of the marketer’s goal is
  - A) To sell whatever the consumer is willing to purchase
  - B) To create new markets where none previously existed
  - C) To increase sales
  - D) To maximize the market’s consumption of what the organization is making
  
- 5) Demographics suggest that the most attractive insurance market for the next 30 years will be which of the following?
  - A) Older age marriages
  - B) Less educated consumers
  - C) Low income groups
  - D) Senior markets

- 6) Market Segmentation can be a useful strategy to market insurance products for which of the following reasons?
- I) Markets have customers and customers usually are different in one or more ways
  - II) Market segmentation makes it easier to target specific markets
- A) I only
  - B) II only
  - C) Both and II
  - D) Neither I nor II
- 7) An ideal market niche consists of all of the following elements, except
- A) The niche needs to be big enough to be profitable in which to operate
  - B) The niche has attracted the attention and marketing of large companies
  - C) The niche has growth potential
  - D) The person or firm seeking to exploit the niche has great skill in that niche arena
- 8) According to product life cycle theory, the best point at which to market a particular insurance product would be during which of the following stages?
- A) Introduction
  - B) Growth
  - C) Maturity
  - D) Decline
- 9) Optimizing this course really means
- A) earning continuing education hours
  - B) increasing your income
  - C) helping you change your occupation although you keep the same job
  - D) All of the above
- 10) Which of the following methods is best in determining the size of an advertising budget?
- A) Comparing the objective to the task
  - B) Afford ability
  - C) Matching competitors spending
  - D) Percentage of Sales
- 11) Which of the following tasks would not be a part of training sales representatives within an insurance agency?
- A) Teaching the sales representative to know the company's products
  - B) Showing the sales representative both customer and competitor characteristics
  - C) Instructing the sales representative on how to make an effective sales presentation
  - D) Demonstrating to the sales representative how to select which products the agency will decide to market to customers
- 12) Of the five basic growth stages of a marketing department, the typical small insurance agency is likely found in which of the stages that follow?
- A) Simple Sales Department
  - B) Separate Marketing Department
  - C) Modern Marketing Department
  - D) Modern Marketing Company
- 13) Managers of an insurance sales force will likely have conflicts with non sales personnel because
- A) Other departments are envious of the incomes of the sales force members
  - B) Other departments try to limit the spending of the sales force
  - C) Other departments tend to pay most attention to the needs within their own department
  - D) Other departments typically look upon members of the sales force with distrust

- 14) The sales force is a company's intelligence gathering agent because of which of the following reasons?
- I) Field agents often have access to significant pieces of information about customers that no other people in a firm can have.
  - II) Sales force members will routinely reveal key information without being requested to do so
- A) I only
  - B) II only
  - C) Both and II
  - D) Neither I nor II
- 15) The main reason a firm engages in marketing research is to
- A) Show the sales force that management cares about increasing sales
  - B) Understand a marketing problem better
  - C) Keep an ongoing history of selected sales growth patterns
  - D) Comply with federal requirements that systematic marketing research be conducted at regular intervals

### **C) Section III: Insurance Products**

#### ***Questions 16-28***

*(25% of Time-3.75 hours/Content - 13 Questions)*

- 16) Group Life insurance is most often which of the following types of life insurance policies?
- A) Annuity
  - B) Term
  - C) Whole Life
  - D) Endowment
- 17) Whole Life and Interest Sensitive Whole Life identically share all of the following characteristics except
- A) Guaranteed mortality cost
  - B) Interest charges on policy loans
  - C) Guaranteed death benefit
  - D) A fixed rate of return

- 18) Which of the following policies is Interest Sensitive?
- A) Single Premium Whole Life
  - B) Variable Life
  - C) Term Life
  - D) 20 Pay Life
- 19) Which of the following statements concerning Annuity are true?
- I) Principal and Interest are usually both liquidated during the Annuity period.
  - II) The death benefit is greater in the earlier policy years.
  - III) During the Annuity period, payments are wholly taxable.
- A) I Only
  - B) III Only
  - C) I and III Only
  - D) II and III Only
- 20) The taxation of individually owned Disability Insurance policies is correctly stated as which of the following?
- A) Premiums paid are deductible and benefits received are tax-free.
  - B) Premiums paid are not deductible and benefits received are tax-free.
  - C) Premiums paid are deductible and benefits received are taxable income.
  - D) Premiums paid are not deductible and benefits received are taxable income.
- 21) All of the following statements regarding Preferred Provider Organizations are accurate except
- A) The insured can get copay discounts
  - B) The insured can get deductible discounts
  - C) There is less choice than with an HMO
  - D) Going out of network means higher cost

- 22) Sunny Brooke lives in a long term care facility and owns a LTC policy. Three days per week skilled medical personnel attend to her needs. Miss Brooke is receiving
- A) Skilled Care
  - B) Intermediate Care
  - C) Custodial Care
  - D) Assisted Daily Living
- 23) Which of the following statements concerning Medicare Supplement policies is (are) true?
- I) They provide benefits not provided by Medicare.
  - II) Premiums are subsidized by Social Security.
  - III) They are offered by some insurance companies and are not available through Medicare itself.
- A) I Only
  - B) III Only
  - C) I and III Only
  - D) I, II and III
- 24) When a 7 year old television set is destroyed in a fire and the insurance company replaces it with a new set, this is an example of which of the following coverages?
- A) Inflation Guard
  - B) Replacement Cost
  - C) Actual Cash Value
  - D) Indemnification Noir
- 25) A business cannot afford to be shut down, even for a day, in the event the building from which it operates was destroyed. An agent should advise this business to purchase which of the following insurance coverage?
- A) All Risk (Open Perils)
  - B) Income Continuation
  - C) Building and Personal Property
  - D) Extra Expense
- 26) An insured is covered by a Homeowners policy for his personal activities which cause bodily injury or property damage under which section of the policy?
- A) Personal Liability
  - B) Additional Coverage
  - C) Coverage C
  - D) None of the above
- 27) A manufacturer makes toy riding vehicles for small children. If a toy is made defectively and results in the bodily injury of a child, which of the following coverages, if any, will provide protection?
- A) Contractors Liability
  - B) Commercial General Liability
  - C) Workers Compensation
  - D) None of the above
- 28) When a car is entered into by a thief and an item of equipment is removed, coverage will exist under which of the following?
- A) Other than Collision (Comprehensive)
  - B) Collision
  - C) Burglary
  - D) Property Damage Liability
- D) Section IV : Security Investments**  
**Questions 29-33**  
*(10% of Time-1.5 hours/Content - 5 Questions)*
- 29) Which of the following can be considered an advantage of variable annuitization?
- I) Insurance company bears investment risk.
  - II) Payment amount can keep pace with the cost of living.
- A) I only
  - B) II only
  - C) Both and II
  - D) Neither I nor II

- 30) Which of the following should a registered representative take into account when recommending a variable annuity to a prospective purchaser?
- I) A pension plan he owns through work  
II) His income
- A) I only  
B) II only  
C) Both I and II  
D) Neither I Nor II
- 31) Which of the following statements are accurate regarding dollar cost averaging?
- I) over time, the average cost per share will be lower than if a purchase is made sporadically  
II) the average "cost" per share is less than the average "price" per share.
- A) I only  
B) II only  
C) Both I and II  
D) Neither I Nor II
- 32) When a client invests an equal amount of money on a regular basis over a long period of time, the result should be:
- A) A lower cost per share with a higher price per share  
B) A lower price per share with a higher cost per share  
C) A loss of purchasing power due to inflationary pressure  
D) No observable effect
- 33) Which of the following securities must offer a prospectus prior to a sale?
- I) Mutual Fund Shares  
II) Variable Annuities
- A) I Only  
B) I I  
C) Both I and II  
D) Neither I nor II

## **Section V : Busi-Work® Personal Business Planning Workbook**

### **Questions 34-50**

*(35% of Time-5.25 hours/Content - 17 Questions)*

- 34) All of the following are true concerning finalizing a business definition, except:
- A) not making fast conclusions about the nature of the business  
B) considering the maker's individual talents  
C) surveying close associates to determine business nature  
D) ultimately committing the definition to writing
- 35) Business definition is crucial because
- I) It will help the creator to develop a suitable business name  
II) It is the main basis upon which your service or product will be effectively delivered
- A) I only  
B) II only  
C) I and II  
D) Neither I nor II
- 36) The greatest loss due to the failure to create a business plan is
- A) the cost of lost opportunity  
B) how time consuming it can be  
C) certain failure  
D) not realizing all the choices that were otherwise available
- 37) Which of the following statements is most accurate?
- A) A tactic is broader in scope than is a strategy  
B) A strategy is not as important as is a tactic  
C) Strategies are never comprehensive  
D) A tactic is much narrower in meaning than is a strategy

38) Which of the following statements is the least true of the Business Planning Process

- A) The process has a starting point but not necessarily an ending point
- B) Most people who begin a business will never seriously engage in the process
- C) The process should be complete and coordinated
- D) To have a possibility of success a plan must be put into action

39) Goals

- I) Are unique to the maker
- II) Once made are rarely changed

- A) I only
- B) II only
- C) I and II
- D) Neither I nor II

40) All of the following are part of "Snapshot Analysis" except:

- A) Where you have been
- B) Where you are now
- C) Why you were in the place you had been
- D) Where you are going

41) The main reason an individual should study his competition is

- A) To find out how to price your service
- B) To see if the strength of your competitor will discourage you from competing
- C) To see how weak you really are
- D) To help you understand how or why you are different from your rivals

42) Your Plan of Operation should include all of the following elements, except:

- A) Your definite starting point
- B) Your product line or services
- C) Goal setting to 10 years
- D) How you will deliver your product or service to your customers

43) Your Business Team should include all of the following parties, except

- A) A jealous friend
- B) An attorney
- C) A supportive spouse
- D) An accountant

44) Sales is

- A) the same thing as marketing
- B) only a small part of the marketing process
- C) broader than marketing
- D) the hinge upon which future business survival rests

45) A good goal to have is one which

- A) is set as high as possible without regard to success or failure
- B) entices you to give up
- C) becomes an obsession
- D) enhances your self-esteem

46) All of the following are part of a cold prospect market except

- A) Mail
- B) Acquaintances
- C) Canvassing
- D) Telephone

47) Which of the following statements about the nontraditional marketing model is correct?

- I) It is "me" centered.
- II) An expected result is increased production.

- A) I only
- B) II only
- C) I and II
- D) Neither I nor II

48) Which of the following actions will best help an individual learn whether or not they have adequate financing to start a business?

- A) Asking a relative for a loan.
- B) Completing a personal and business financial position statement.
- C) Examining personal credit card debt.
- D) Eliminate any discretionary income prior to starting any business venture.

49) All of the following statements about a Plan Summary are correct except:

- A) It should be created at the start of the business planning process
- B) It describes what business you are in
- C) It details how the new venture will be financed
- D) States the reasons why the business will succeed

50) A final draft of a business plan should be in which of the following orders?

- A) plan summary, show financial projections, describe the team, marketing plan
- B) describe the team, plan summary show financial projections, marketing plan
- C) plan summary, describe the team, show financial projections, marketing plan
- D) plan summary, describe the team, marketing plan, show financial projections