

Instructions for completing SELF STUDY CONTINUING EDUCATION ACCESSED ONLINE AT www.dohrnit.com

By accessing this CE self study course online you can finish it any time you want and do not have to wait until an Ethics class date (if you register for one) to receive your self study materials.

As of January 1, 2010 Illinois producers must complete 24 hours of continuing education credit, of which at least 3 hours must be from a classroom ethics course.

This course provides 15 hours of self study CE credit if completed by 12/31/09 and 12 hours of CE credit as of January 1, 2010.

You may purchase this self study course by itself (\$27), with another self study course (\$45) or add an ethics class for an additional \$32 in your purchase by indicating the selection and pricing you want on the next page, "INTERNET - DOHRN Insurance Training, Inc. "Do -It Yourself" CE Registration Form-INTERNET."

After you have accessed your self study course(s) online and completed them you must return two pages to us (with payment):

- 1) "INTERNET -DOHRN Insurance Training, Inc. "Do -It Yourself" CE Registration Form-INTERNET." AND
- 2) EXAMINATION ANSWER SHEET for the self study course you are submitting for grading and certification.

You may fax them to 847-455-1153

After Dohrn receives these two pages from you, your Ethics class will be confirmed (if your ordered one) and we will let you know the results of your self study course(s) no later than the close of the following business day after it was received by us.

All successful course completions are reported to the Illinois Department of Insurance electronically the business day after they are received by us.

Thank you for your order.

INTERNET-DOHRN Insurance Training, Inc. "Do -It Yourself" CE Registration Form-INTERNET

- ONE SELF STUDY COURSE PROVIDES HALF THE TOTAL CE HOURS NEEDED FOR YOUR BIANNUAL LICENSE RENEWAL.
- TWO SELF STUDY COURSES PROVIDES ALL THE TOTAL CE HOURS NEEDED FOR YOUR BIANNUAL LICENSE RENEWAL.
- ONE ETHICS COURSE MEETS THE THREE HOUR CLASS REQUIREMENT FOR BIANNUAL LICENSE RENEWAL

PLEASE CIRCLE THE OF ORDER AND PRICING YOU HAVE SELECTED:

TWO SELF STUDY COURSES \$45 + ONE ETHICS CLASS \$32 = \$77 TOTAL* <i>*Self Study materials ARE/WILL BE ACCESSEED ONLINE</i>	ONE SELF STUDY COURSE \$27 + ONE ETHICS CLASS \$32 = \$59 TOTAL* <i>*Self Study materials ARE/WILL BE ACCESSEED ONLINE</i>
--	---

TWO SELF STUDY COURSES ONLY - NO ETHICS - \$45 <i>*Self Study materials ARE/WILL BE ACCESSEED ONLINE</i>	ONE SELF STUDY COURSE ONLY - NO ETHICS - \$27 <i>*Self Study materials ARE/WILL BE ACCESSEED ONLINE</i>
--	---

(If Applicable) PLEASE INDICATE CHOICE(S) OF SELF STUDY COURSE(S)

ISIP #1
 PFP #2
 UPL #3
 FIL #4
 EPB #5
 BIB #6
 RPP #7
 RM #8
 BP #9
 MLIP #10

(If Applicable) PLEASE INDICATE ETHICS CLASS CHOICE AND INFORMATION (refer to schedule for details):

#1 OR #2
 DATE (MO/DAY): ____/____/____
 LOCATION: _____
 START TIME: _____

Name _____ SS# _____
(REQUIRED TO REPORT COURSE COMPLETION)

Street _____ City _____ Zip _____

Daytime Phone: () _____ Payment method: _____ Credit Card MO Check

Credit card number _____ Exp date (Mo/Yr) ____/____/____ Signature _____

Print Name of Cardholder _____ CREDIT CARD BILLING ADDRESS _____

(if different from the shipping address, above)

Note: Payment by check will delay course completion reporting by 10 business days and check must be received by us at least 14 days BEFORE your Ethics Class Date. By submitting this CE Self Study registration form to Dohrn Insurance Training, Inc, the purchaser agrees: 1) that course cancellation is available with written notice only for ten days from your purchase of self study and a \$15 cancellation will be deducted from any refund AND 2) Ethic class cancellation must received by us in writing at least two business days BEFORE your class date and a \$15 cancellation will be deducted from any refund AND 3) no course can be transferred from one individual to another. WE CANNOT TAKE CREDIT CARD ORDERS VERBALLY OVER THE PHONE.

For Fastest Service, Detach and Fax Order to 847-455-1153 with credit card payment or Mail with payment to Dohrn Insurance Training, Inc., 8517 W. Grand Ave, River Grove, IL 60171. UPON RECEIPT OF YOUR PAID ETHICS CLASS REGISTRATION DOHRN WILL CONTACT YOU TO CONFIRM YOUR COURSE, CLASS DATE AND CLASS TIME.

Dohrn Insurance Training, Inc.
EXAMINATION ANSWER SHEET
COURSE ACCESSED ONLINE

Return 1) this completed answer sheet AND 2) registration form with payment by

1) Mailing it to our Office Address or
Fastest service ☞ 2) FAX it to (847) 455-1153.

PLEASE INDICATE YOUR ANSWER BY USING A PENCIL AND MARKING AN “X” THROUGH
THE LETTER (A, B, C, D) WHICH YOU HAVE SELECTED AS THE CORRECT ANSWER

NAME _____ SIGNATURE _____ SS# _____
(PRINT) (REQUIRED) (REQUIRED)

“Mortgage Financing and Life Insurance Protection”

- | | |
|-------------|-------------|
| 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 |
| 4) A B C D | 29) A B C D |
| 5) A B C D | 30) A B C D |
| 6) A B C D | 31) A B C D |
| 7) A B C D | 32) A B C D |
| 8) A B C D | 33) A B C D |
| 9) A B C D | 34) A B C D |
| 10) A B C D | 35) A B C D |
| 11) A B C D | 36) A B C D |
| 12) A B C D | 37) A B C D |
| 13) A B C D | 38) A B C D |
| 14) A B C D | 39) A B C D |
| 15) A B C D | 40) A B C D |
| 16) A B C D | 41) A B C D |
| 17) A B C D | 42) A B C D |
| 18) A B C D | 43) A B C D |
| 19) A B C D | 44) A B C D |
| 20) A B C D | 45) A B C D |
| 21) A B C D | 46) A B C D |
| 22) A B C D | 47) A B C D |
| 23) A B C D | 48) A B C D |
| 24) A B C D | 49) A B C D |
| 25) A B C D | 50) A B C D |

“Mortgage Financing and Life Insurance Protection”

50 QUESTION NONSUPERVISED EXAM

Chapter 1: Mortgages and Real Estate Financing Concepts 14 QUESTIONS (1-14)

1) All of the following statements regarding amortization are accurate except:

- A) It allows large sums of money to be repaid in manageable amounts over long periods of time.
- B) Principal borrowed is primarily repaid in the first half of the mortgage repayment period.
- C) A much greater amount must be repaid that was originally borrowed.
- D) The shorter the amortization period the greater the regular periodic payment amount will be.

2) A “primary market” lender is one best described as

- A) A mortgage banker
- B) A wholesale lender
- C) Fannie May
- D) a party who directly issues a mortgage

3) A “portfolio” lender

- A) Has no money of their own to lend
- B) Does not immediately sell loans in the secondary market
- C) Must follow the underwriting credit guidelines of Fannie May
- D) Is never in a position to own a “seasoned” loan.

4) In selecting a mortgage lender, the consumer should understand that

- A) Realtors are a poor source for lender referral purposes
- B) The source of a mortgage is unimportant as they all share similar strengths and weaknesses
- C) Selecting an excellent loan officer is very important.
- D) Large institutions operate in the same manner no matter which branch is used.

5) In deciding which lender to work with, the mortgage buyer will find all of the following statements to be accurate, except:

- A) Savings and loans are more concerned to an applicant’s savings history than income documentation.
- B) Portfolio lenders are among the toughest with whom to qualify for a mortgage loan.
- C) If a borrower is self-employed, their needs are best served by lenders who do not require strict income documentation for loan qualification.
- D) When a borrower seeks an FHA or VA loan, their needs will best be suited working with a mortgage banker rather than with a mortgage broker.

6) The main role of the secondary mortgage market is to

- A) Re-supply the mortgage marketplace with available funding for new borrowers.
- B) Secure funding for Fannie May
- C) Secure funding for Ginnie May
- D) Limit the availability of mortgage funding to applicants who meet the specific requirements of the secondary marketplace.

7) Once a mortgage loan application requires the purchase of PMI

- A) FHA loans allow it to be canceled when there is more than 20% equity in the home's value.
- B) It can never be canceled.
- C) VA mortgages do not allow PMI cancellation at any time.
- D) Conventional loans must automatically cancel PMI when the amortization schedule falls to less than 78% of the current value of the home.

8) All of the following are considered to be disadvantages of a conventional mortgage, except:

- A) A mortgage co-signer may be allowed.
- B) Interest rates are locked and will remain the same even if market interest rates fall dramatically.
- C) Larger down payments can be required than is the case with an FHA mortgage.
- D) Origination fees can be higher than they are for other loans.

9) The main difference between a fixed rate and an adjustable rate mortgage (ARM) is

- A) ARMs require PMI no matter the down payment amount offered.
- B) ARM interest rates are usually higher than conventional mortgages in lower interest markets
- C) ARM interest rates are determined as a flat percentage of the conventional average loan rate.
- D) ARM interest and principal payments can vary from one year to the next while fixed rate mortgage payments always remain the same.

10) Which of the following is considered to be a disadvantage of an ARM?

- A) Rates adjust up or down based on specified indices.
- B) A more expensive home can be purchased.
- C) The buyer may not be able to afford future mortgage payment amounts.
- D) ARMs can more often be assumed by a new buyer than is the case with other varieties of mortgages.

11) Which of the following is not an advantage of an FHA mortgage loan?

- A) Sometimes a seller has to assist the buyer by helping to pay some significant costs that would otherwise have to be borne by the buyer.
- B) A new buyer can assume an FHA loan without having to qualify on a financial basis.
- C) Lenders are guaranteed the loan repayment for the entire mortgage period no matter who the mortgagor may be.
- D) Requirements for a minimum down payment can be as little as three percent of the loan amount.

12) The best mortgage for a sixty-five year old who needs income but does not wish to move from their current home in which they own significant equity would be:

- A) GEM
- B) RAM
- C) FRM
- D) GPM

- 13) A fixed rate mortgage
- A) Has an interest rate that can only be changed one time during the lifetime of the loan.
 - B) Is a conventional loan with one interest rate for the life of the loan.
 - C) Have some payment uncertainty.
 - D) Are advantageous in falling interest rate markets.

14) Reasons homeowners may refinance an existing home mortgage include all of the following, except:

- A) To reduce or pay off higher interest credit card debt.
- B) To reduce current mortgage principal owed.
- C) To make large home improvements.
- D) To finance college tuition cost.

#####

Chapter 2: Real Estate Ownership
2 QUESTIONS (15 & 16)

15) The main difference between real and personal property is that

- A) Real property is tangible.
- B) Personal property is tangible.
- C) Real property is or must be attached to land.
- D) Personal property usually has greater value.

16) Which of the following is the most comprehensive form of ownership title in real property?

- A) Life Estate
- B) Term of Years
- C) Remainder Interest
- D) Fee Simple

#####

Chapter 3: Term Life Insurance
4 QUESTIONS (17-20)

17) All of the following apply to a term policy except:

- A) policy proceeds are always paid at the end of the term of coverage
- B) it is considered temporary insurance
- C) it may be sometimes converted to other plans
- D) it usually does not build cash values

18) When marketing term insurance to prospective insured's, the insurance professional should engage in all of the following activities except:

- A) Educating them when they indicate they would like understand specific formation.
- B) Proper needs analysis that takes their personal financial beliefs into account.
- C) Help them to understand the reasons why term insurance is an excellent product to use to replace lost income due to premature death.
- D) Educate and persuade them to adopt the correct beliefs of product satisfaction based on the expert advice of the insurance agent.

19) A policy does not pay the face amount to the insured if he is alive at a specified future point but does pay the face amount to a beneficiary if the insured dies sooner than the specified future point. This is most likely to be which of the following types of policies?

- A) Level Term
- B) Life paid at Age 65
- C) Straight Whole Life
- D) Decreasing Term

20) Group Life insurance is most often which of the following types of life insurance policies?

- A) Annuity
- B) Term
- C) Whole Life
- D) Endowment

#####

Chapter 4: Whole Life Insurance

4 QUESTIONS (21-24)

21) Of the following cash value building policies, which will mature prior to the 100th birthday of the insured?

- A) 20 Pay Life
- B) Life Paid-up at 65
- C) Single Premium Whole Life
- D) None of the above

22) A policy that has low premiums for the first few years followed by an increase and then level premiums is an example of

- A) Straight life
- B) Modified life
- C) Low entry life
- D) Term life

23) The main purpose of purchasing a Payor Benefit Rider is

- A) to protect the future insurability of a child.
- B) to waive premium payments on a juvenile policy if the applicant dies or becomes disabled.
- C) to increase the child's face amount of coverage once The child becomes an adult.
- D) to provide payments to a child if the child becomes disabled.

24) Which of the following statements about a Family Policy is true?

- A) Each time a new child is added to a policy, the premium increases
- B) Children's term coverage can be converted to a permanent plan without the requirement of medical insurability
- C) Newborn babies are covered immediately at birth
- D) The conversion option is available indefinitely

#####

Chapter 5: Interest Sensitive Insurance Products

9 QUESTIONS (25-33)

25) All of the following financial institutions are examples of "intermediaries" except:

- A) An Insurance Company
- B) A Savings and Loan
- C) A Jewelry Wholesaler
- D) The New York Stock Exchange

26) Concerning investments, the general rule of risk and reward is

- A) No risk means greatest returns
- B) Lower returns means greater risk
- C) Higher returns means a lessened risk
- D) Higher returns means greater risk

27) Universal life strives to separate insurance cost from other policy charges. This unique aspect to contract formation is known as

- A) Separation
- B) Secularism
- C) Transparency
- D) Bundling

28) One of the main criticisms concerning Universal Life is that it

- A) May be prone to a higher lapse rate than are other forms of life insurance
- B) Has too high of an insurance cost at younger ages
- C) Exposes consumers to higher income taxes
- D) Has no identifiable endowment point

29) Minimizing exposure to income taxation when removing income from a Universal Life policy account is best achieved with the concept known as a

- A) Partial Wash Loan
- B) Ghost Account
- C) Withdrawal
- D) Policy Surrender

30) Which of the following is true about premium payments and Variable Life?

- A) They are fixed
- B) They are variable
- C) They are flexible
- D) There is no grace period provision in the contract

31) Which of the following investment account alternatives might be found in a typical VL contract?

- A) A mutual stock fund account
- B) A bond fund account
- C) A guaranteed account
- D) All of the above

32) A variable life contract has greater restrictions on policy loans, than does traditional whole life because

- A) There are no cash value guarantees
- B) The premium charge is so low
- C) Loan repayment terms are so attractive
- D) Tax law imposes these restrictions

33) The main rule in choosing an interest sensitive life insurance plan is to

- A) Select a plan where the agent gets a low commission
- B) Buy a plan that best matches needs and philosophy of the purchaser
- C) Avoid it altogether and buy 50 year level term
- D) Buy whatever the insurance agent thinks is best

#####

Chapter 6: The Life Insurance Contract **6 QUESTIONS (34-39)**

34) The right of an applicant to return a delivered policy, within a specified period of time, for a return of all premium paid is found in the

- A) Insuring Clause
- B) Free Look Provision
- C) Settlement Options
- D) Consideration Clause

35) Which of the following is a third party source in the insurance application process?

- A) The Medical Information Bureau
- B) The Applicant
- C) The Insurance Company Underwriter
- D) The Instance Company

Chapter 7: Trust Basics
3 QUESTIONS (40-42)

36) All of the following are factors in the decision of whether or not a company will insure an individual except:

- A) Age, occupation, habits
- B) Age, occupation, race
- C) Age, sex, occupation
- D) Health, habits, hobbies

37) Assume a policyowner does not pay insurance premium on the normal policy due date. The first response of the insurance company will be based on which provision?

- A) Automatic Premium Loan
- B) Reinstatement Provision
- C) Grace Period
- D) Consideration Clause

38) For policy loan purposes, the cash value in a whole life insurance contract owned by

- A) The insurance company
- B) The policyowner
- C) The irrevocable beneficiary
- D) The revocable beneficiary

39) When an insured may change the named beneficiary of a life insurance policy without the consent of the beneficiary, the original designation is:

- A) Irrevocable
- B) Revocable
- C) Primary
- D) Contingent

#####

40) The name of the party for whom a trust is designed to benefit the most is called a

- A) Trustee
- B) Grantor
- C) Beneficiary
- D) Guardian

41) A person holding and managing property for the benefit of another party is called a

- A) Property Manager
- B) Fiduciary
- C) Trustee
- D) Executor

42) When a fiduciary takes the same action that any individual of average intelligence would take in similar circumstances, that fiduciary is said to have complied with which common law rule?

- A) Legal-List
- B) Normalcy
- C) Prudent-Man
- D) Prescribed Duty

#####

Chapter 8: Disability Income Insurance
6 Questions (43-48)

43) When the insured is unable to perform the duties of any occupation for which he is suited or trained, he is considered:

- A) Totally Disabled
- B) Partially Disabled
- C) Unemployed
- D) Recurrently Disabled

44) M is covered for disability under an employer paid group Disability Income Policy. If he should become disabled, any benefits payable to M are

- A) fully income taxable beyond any IRS exclusions
- B) income tax free
- C) considered to be part of a qualified plan
- D) only taxable if the insured is a legal resident alien with proper work documentation

45) The period of time after which a disability starts but before which benefits become payable is called

- A) Waiting period
- B) Indemnity period
- C) Coverage provision
- D) Elimination period

46) The earliest a person may be eligible for Disability Benefits under Social Security is after he has been disabled for at least

- A) 3 Complete Months
- B) 5 Complete Months
- C) 12 Complete Months
- D) 18 Complete Months

47) The primary planning tool to insure survival and continuation of a business is

- A) The buy-sell agreement
- B) Provisions in the will of the proprietor, partner or shareholder.
- C) The requirements of the common law.
- D) All of the above.

48) The main reason a disability income rider should be added to a term life contract used for mortgage protections is because

- A) There is no additional premium cost for this valuable rider.
- B) The elimination period is automatically reduced.
- C) Monthly income will be provided to make mortgage payments during periods of qualifying disability.
- D) Social security payments will be increased by the government if this rider is privately purchased by an insurance consumer.

#####

Chapter 9) Ethical Considerations **2 Questions (49-50)**

49) Which of the following actions DO NOT constitute replacement life insurance

- A) The insured lapses an old policy
- B) The insured borrows from existing coverage to pay the new premium
- C) The insured takes a reduced-paid up option and buys a new policy
- D) The insured has no previous policy

50) The best risk transfer device for an insurance professional to personally obtain in the course of business for protection from accidentally making a mistake a professional error is

- A) Malpractice Insurance
- B) Producer Mistake Coverage
- C) Errors and Omissions
- D) Professional Agent Liability

#####

**END OF EXAM. PLEASE RETURN
COMPLETED ANSWER SHEET TO DOHRN
INSURANCE TRAINING FOR GRADING.**