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# **EXAMINATIONS:**

- **NONSUPERVISED (pages 2-8)** – **REQUIRED!** - You must successfully pass this exam by returning the completed exam answer sheet (both sides) to us for grading. All nonsupervised exams are graded solely by Dohrn Insurance Training, Inc. and then certification is issued by daily (weekdays only) electronic reporting to the Illinois Division of Insurance. This is an **OPEN BOOK** test so we advise taking your time and looking up material if you are unsure of an answer. If you fail this exam we will send a make-up exam for one more chance to pass the course.
- **PRACTICE LAW (pages 9-14)** - Self Scoring Exam for Illinois Law
- **DIAGNOSTIC (pages 15-21)** - This practice exam should be completed after completion of your nonsupervised exam. It should be taken as an open book test. This self scoring exam is designed to expose any weaknesses you may have in a specific content area.
- **SIMULATED LIFE PART I (pages 22-27)** – Simulated exams are done last and should be taken in a closed book fashion, without interruption, the day or two before your actual state exam. It is self scoring and all missed questions should be reviewed in the appropriate subject area to determine the reason for all incorrectly scored questions.
- **SIMULATED LAW PART II (pages 28-32)** – Self scoring, closed book.

**NOTE:** WHILE ONLY THE NONSUPERVISED EXAM IS REQUIRED, ALL THE OTHER EXAMS IN THIS SECTION MUST BE COMPLETED SUCCESSFULLY TO HELP ASSURE YOU WILL PASS YOUR STATE EXAM ON THE FIRST ATTEMPT. YOUR FAILURE TO TAKE ADVANTAGE OF WORKING THROUGH ALL PRACTICE TESTS WILL DECREASE YOUR CHANCES OF SUCCESS WITH THE PROMISSOR STATE EXAM.

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## NONSUPERVISED FINAL EXAM ACCIDENT & HEALTH INSURANCE

**80 Questions**

**Suggested Time Limit: 2 hours (120 minutes)**

**● THIS TEST MUST BE COMPLETED AND YOUR RESULT RETURNED TO DOHRN INSURANCE TRAINING, INC., FOR GRADING BEFORE CERTIFICATION OF SUCCESSFUL COURSE COMPLETION CAN BE ISSUED TO THE ILLINOIS DEPARTMENT OF INSURANCE ON YOUR BEHALF. USE THE EXAM ANSWER SHEET PROVIDED FOLLOWING ALL DIRECTIONS. USE YOUR BOOK, REFER TO MATERIAL AND DO NOT SIMPLY GUESS!**

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- 1) Dr. Cutthroat earns \$10,000 per month and wants to purchase an individual disability income policy. He wants maximum coverage of his income. You will inform him that the greatest monthly benefit he can hope to purchase is what percentage of his gross monthly income?
  - A) From 50 to 55%
  - B) From 56 to 60%
  - C) From 66% to 80%
  - D) 100%
- 2) If no fraud is involved, statements made to obtain coverage are considered which of the following
  - A) Declarations
  - B) Warranties
  - C) Representations
  - D) Incontestable
- 3) The part of an insurance contract that limits the scope of coverage is called
  - A) Limitation
  - B) Exclusion
  - C) Eclipse
  - D) Reduction
- 4) Providers of health coverage who stress preventive health care are called
  - A) Fraternal
  - B) Multiple Employer Trusts
  - C) Health Maintenance Organizations
  - D) Blues Plans
- 5) Which of the following types of health contracts is always unilateral assuming the insured pays in a timely fashion?
  - A) Guaranteed Renewable
  - B) Noncancellable
  - C) Major Medical
  - D) Basic Plans
- 6) Under an Accidental Death and Dismemberment policy the loss of both hands, both feet and loss of sight in both eyes entitles the insured to what type of benefit?
  - A) Full capital sum
  - B) 50% capital sum
  - C) Full death benefit capital
  - D) \$5,000
- 7) Under the notice of claim provision how many days of written notice are required?
  - A) As soon as possible
  - B) Within 10 days
  - C) Within 20 days
  - D) Anytime, as long as the policy was in effect at the time of injury.
- 8) If a company is going to reject an application for reinstatement, within how many days must the insured be notified?
  - A) 10
  - B) 45
  - C) 60
  - D) 90

- 9) The health contract provision requiring the insured to participate in payment on some stipulated percentage basis is called
- A) Co-Insurance
  - B) Deductible
  - C) Elimination Period
  - D) Probationary Period
- 10) All of the following statements about comprehensive medical are true except
- A) It is a combination of the basic plan and major medical
  - B) It is less expensive than a comparable major medical plan
  - C) There is usually a coinsurance clause
  - D) There is a deductible normally, but it is small
- 11) All of the following factors will increase the premium of a disability income policy except:
- A) Increasing the elimination period.
  - B) Increasing the indemnity period
  - C) Decreasing a probationary period
  - D) Switching to a more hazardous occupation
- 12) Which of the following levels of Long Term Care is the most expensive?
- A) Assisted Daily Living (ADL)
  - B) Custodial
  - C) Skilled
  - D) Custodial
- 13) Which statement is true about Medicare Supplements?
- I) They are offered by private companies authorized by the Medicare program, and are designed to pay some or all of the charges not covered by the Medicare program.
  - II) Most companies that offer supplements follow the same guidelines used by Medicare for determining payment for services deemed to be unnecessary or unreasonable.
- A) I - only
  - B) II - only
  - C) Both I and II
  - D) Neither I nor II
- 14) Medicaid is designed to help
- A) The Federal Government
  - B) The poor and indigent
  - C) Most people over 65 years of age
  - D) Midwestern States
- 15) A disability income policy that will pay benefits that keep pace with inflation once an insured begins receiving benefits has which rider?
- A) Cost of Living Adjustment
  - B) Inflation Adjustment
  - C) Consumer Price Index
  - D) SIS
- 16) When a health policy is issued with a counteroffer to the applicant which of the following could not be the cause of a higher premium request?
- A) Physical condition
  - B) Alcohol consumption
  - C) Hobbies and lifestyle habits
  - D) Religion
- 17) Judy was injured in an accident that was not her fault. Her health insurance policy paid for her medical expenses and is putting a lien against any money Judy recovers in a lawsuit against the person causing her injury. This is an example of
- A) Workers Compensation
  - B) Reimbursement
  - C) Recurrent Disability
  - D) Subrogation
- 18) What is the main purpose of coordination of benefits?
- A) To help the insured receive the best care possible while in the hospital.
  - B) To prevent the possible realization of economic gain to the insured.
  - C) To insure a profit base for insurance companies.
  - D) To pool hospital resources.
- 19) Disability Income benefits are usually paid:
- A) Annually
  - B) As need arises
  - C) Lump Sum
  - D) Monthly
- 20) What type of policy provides protection against financial loss due to the illness or injury of a key employee?
- A) Business Health Insurance
  - B) Accidental Death
  - C) Accidental Dismemberment
  - D) Business Overhead Expense

- 21) Mrs. Harmon is being asked to pay an extra premium for her health insurance because of high blood pressure. Mrs. Harmon is
- A) A substandard risk
  - B) A standard risk
  - C) Being discriminated against
  - D) A preferred risk
- 22) A reinstated policy covers only illnesses which begin 10 days after the reinstatement takes place. This is an example of
- A) A Probationary Period
  - B) An Elimination Period
  - C) Waiver of Premium
  - D) The "Wait and See" Clause
- 23) Which of the following HMO models arranges for doctors to be paid on a fee for service basis?
- A) Network Model
  - B) Group Model
  - C) Individual Practice Associations
  - D) None of the Above
- 24) The main advantage a Participating Provider Organization has over a Health Maintenance Organization is
- A) Lower health care costs
  - B) Better Physicians
  - C) More health care choice
  - D) Larger network of providers
- 25) When can a policy remain in force without payment of premium?
- A) Under no circumstances
  - B) Under waiver of premiums
  - C) During reinstatement
  - D) At the discretion and approval of an insurance company board of directors.
- 26) If Mr. Happy is a married man and a full partner in a small but thriving business, then all of the following parties have an insurable interest in his health except:
- A) Mr. Happy
  - B) His brother
  - C) His Wife
  - D) His business partners
- 27) A managed healthcare system that operates like an HMO but also allows the subscriber to utilize an outside network of health providers at a higher cost is called a
- A) Point of Service Plan
  - B) Flexible Spending Account
  - C) Network Model
  - D) Service Organization
- 28) Under the Illegal occupation clause, the company may deny benefits if loss is the result of:
- A) The insured's attempt to commit a felony
  - B) The insured's actual committing of a felony.
  - C) The insured's performing a murder for compensation.
  - D) All of the above
- 29) Sam Williams has just purchased an individual disability income policy and has indicated that his wife, Mary, is to receive any premium refund in the event of his death. If Mary dies before Sam and the contract is not in any way changed, the refund would then go to Sam's brother, Bill. In this case, Bill is the
- A) Irrevocable Beneficiary
  - B) Contingent Beneficiary
  - C) Tertiary Beneficiary
  - D) Primary Beneficiary
- 30) Under the Legal Actions clause, the maximum time frame for taking legal action against a company is limited to
- A) 3 Years from the time proof of loss is required to be filed
  - B) 3 Years from the time proof of loss is filed.
  - C) There is no time limit
  - D) 60 days from the date of loss
- 31) In addition to taking the first premium when delivering a policy for which application was originally taken without a first payment, the producer must also
- A) Ask if the applicant is still in good health.
  - B) Ask for referrals
  - C) Require the applicant to sign a statement of continued good health.
  - D) None of the above

- 32) Benefits can be reduced by the company under which of the following conditions?
- A) The insured switches to a less hazardous occupation.
  - B) Anytime it feels it is reasonable.
  - C) When the state director of insurance authorizes such an action.
  - D) None of the above
- 33) Once notice of claim is given, an insurance company must furnish the claimant with all necessary forms within how many days?
- A) 10
  - B) 15
  - C) 20
  - D) 30
- 34) Under the terms of a Health insurance contract, the right to change the beneficiary belongs to
- A) The beneficiary
  - B) The insured
  - C) The employer
  - D) The owner
- 35) All of the following statements regarding the conversion rights available to individuals who leave a group plan for whatever reason are true except
- A) Generally, the conversion is made without regard to insurability
  - B) They will be charged at the same rate as the group being left
  - C) They must apply only for an individual coverage offered by the company
  - D) There is a 31 day right to convert after leaving the group.
- 36) Which of the following statements is true?
- A) Unpaid premium may be deducted by the company from a settlement amount.
  - B) Narcotic use resulting in loss is covered.
  - C) Contracts need not conform to state statute
  - D) None of the above.
- 37) All of the following statements regarding a Service Organization is true except:
- A) it is an insurance company
  - B) they provide coverage on a prepaid basis
  - C) they use a service approach
  - D) they call a covered person a subscriber
- 38) Which of the following choices will increase the cost of disability income insurance?
- A) Electing a 60 day elimination period over one that is 30 days.
  - B) Changing employment to an occupation considered less hazardous.
  - C) Reviewing the cost of benefits offered by several companies.
  - D) Electing a 120 day elimination period over one that is 180 days.
- 39) Except for benefits paid on a periodic basis, how quickly must claims be paid upon proof of loss?
- A) Immediately
  - B) Within 10 days
  - C) Within 20 days
  - D) Within a reasonable length of time
- 40) A noncancelable policy means the company
- A) may not raise the premium or terminate the policy except for nonpayment of premiums
  - B) may not cancel before the insured reaches age 50
  - C) may pay limited benefits and cannot cancel all benefits
  - D) can only terminate coverage if the insured switches occupations
- 41) After a policy has been issued and in effect for two years:
- A) No claim can be denied because of any application statements.
  - B) A claim can be denied because of fraudulent misstatements made at the time of application.
  - C) It must always pay for losses
  - D) The Company can not increase premium.
- 42) After a policy is issued, the most preferred method of policy delivery should
- A) Be made by mail with a thank you letter
  - B) Be by mail with a follow up phone call by the producer for questions.
  - C) Be to the agent of the applicant
  - D) Be handled personally by the producer with a brief review of the coverage purchased

- 43) Under the Reinstatement clause, premium can be applied retroactively, but no for more than
- A) 20 days
  - B) 45 days
  - C) 60 days
  - D) 90 days
- 44) A policy is ready for delivery but the contract is not issued as applied for because it contains an exclusion rider. At delivery the producer should
- A) Not mention it to the insured
  - B) Explain the rider to the best of his ability
  - C) Obtain the insured's signature on an amendment form and therefore document his understanding of the rider
  - D) Both B and C
- 45) What percentage of employees are covered when an employer pays the full cost of group health insurance?
- A) 100%
  - B) 75%
  - C) 50%
  - D) 0%
- 46) Upon delivery of a policy, the insured may inspect the coverage for a limited time and return it to the company for a full refund of premium paid. This is known as
- A) Free Look
  - B) Clever marketing
  - C) Right of rescission
  - D) Return privilege
- 47) Under Medicare Part D, the insured
- A) pays a deductible then enjoys full coverage
  - B) must pay a premium, a deductible and then a coinsurance percentage
  - C) pays no premium but must pay a deductible and then a coinsurance percentage
  - D) reaches the catastrophic threshold after \$2,250 of prescription drugs have been purchased during the calendar year
- 48) Most group accident and health insurance is designed to pay benefits for losses suffered in all of the following ways except:
- A) nonoccupational injury
  - B) sickness that is work related
  - C) injury while on vacation
  - D) injury caused by working on a hobby at home
- 49) The entire contract provision of a health policy states
- A) Premiums must be paid before the insurance company is obligated to pay benefits.
  - B) Material misrepresentations will void the policy as a matter of contract.
  - C) Riders and endorsements do not always require a countersignature.
  - D) The policy and the application are considered to be all one unit.
- 50) Blue Cross/Blue Shield is an example of
- A) a Service Organization
  - B) an HMO
  - C) a Multiple Employer Trust
  - D) a Major Medical Policy
- 51) Required signatures on an application can include
- A) Producer, home office supervisor and applicant.
  - B) Producer, applicant and beneficiary
  - C) Applicant only
  - D) Producer, applicant and insured
- 52) Under COBRA, which of the following individuals would NOT get continuation of benefits?
- A) A fired employee
  - B) The dependent spouse of a divorced employee
  - C) The employee who quits
  - D) An employee in a company with 7 employees
- 53) Eric Jones is covered by a disability income insurance policy on an individual basis, meaning he personally pays all premiums. Any benefit he may receive from the insurance company as a result of a covered loss is treated in what manner from an income tax standpoint?
- A) All of the benefits are taxable
  - B) None of the benefits are taxable
  - C) Most of the benefits are taxable
  - D) Only benefits received in excess of \$20,000 are partially taxable.
- 54) Which statements is (are) true about deductibles?
- I) They are paid by the insured
  - II) They are not reimbursed by the company
- A) I - only
  - B) II - only
  - C) Both I or II
  - D) Neither I nor II

- 55) All preexisting conditions which are not covered by a policy after two years from issue must be
- A) Specifically named in the policy
  - B) Described by condition in the policy
  - C) Neither A or B
  - D) Either A or B
- 56) All of the following are third party sources except:
- A) a credit report
  - B) an attending physician statement
  - C) answers given by the applicant
  - D) an MIB report
- 57) In a guaranteed renewable policy, the company
- A) May not raise the premium
  - B) May not cancel coverage, except for nonpayment of premiums
  - C) May pay limited benefits
  - D) Can void after two years from issue for fraudulent misstatement
- 58) Under Medicare, which of the following describes the employer's health plan as a Secondary Payor?
- I) a 64 year-old worker is covered under a group plan with 29 other employees
  - II) a 68 year-old employee is covered under a group plan with 19 other employees
  - III) a 68 year-old employee is covered under a group plan with 18 other employees
- A) II only
  - B) III only
  - C) II and III only
  - D) I, II and III
- 59) If an individual is covered under a Disability Income policy, for a \$2,000 monthly benefit, and is unable to perform 15% of her job duties, she will receive
- A) \$ 0
  - B) \$ 150
  - C) \$ 300
  - D) \$ 1,000
- 60) A health contract has a one million dollars maximum and pays that limit because the insured had a heart transplant. The same policy also paid for an unrelated kidney problem in the same year. This is an example or what type of policy limit?
- A) Annual
  - B) Customary
  - C) Lifetime
  - D) Per Cause
- 61) Group health plans under which employees pay a part of the premium cost are called
- A) Noncontributory
  - B) Contributory
  - C) Irrevocable
  - D) Revocable
- 62) Medicaid is:
- A) Federally subsidized, state administered
  - B) State subsidized, federally administered
  - C) Run by Congress
  - D) None of the above
- 63) The specific number of days during which specified illnesses are not covered from the date of issue of a health policy is called
- A) Probationary period
  - B) Limitation clause
  - C) Coverage limitation
  - D) Grace Period
- 64) Exclusions may include all of the following items, except
- A) Preexisting conditions
  - B) Self-inflicted injury
  - C) Injuries received in war activities
  - D) Injuries sustained while a fare-paying passenger on an airline.
- 65) Jane will lapse an existing policy because she purchased a new policy from a different company. This is an example of
- A) Cost effectiveness
  - B) Consumer Movement
  - C) Replacement
  - D) Counteroffer
- 66) Under an optionally renewable policy, who has the option to not renew but only under contractually specific conditions?
- A) The insured
  - B) The employer
  - C) The insurance company
  - D) All of the above
- 67) The force in the health care marketplace which seeks to replace traditional fee for service based indemnity plans is called
- A) Health Maintenance Organization
  - B) Participating Provider Option
  - C) Managed Care
  - D) Major Medical

- 68) Which of the following is not an example of the Consumer Driven Health Plan (CDHP) movement?
- A) MSA
  - B) HRA
  - C) FSA
  - D) PPO
- 69) Which of the following may have to occur before coverage can begin upon application for coverage?
- A) A medical examination
  - B) A credit card number for payment
  - C) The applicant's social affiliations
  - D) A credit score exceeding 700 points
- 70) If the coinsurance feature in a major medical policy is 80% - 20% and the deductible is \$250, how much of a \$1,750 bill would the insured pay?
- A) \$550
  - B) \$300
  - C) \$600
  - D) \$1,200
- 71) What is a contract's grace period if a premium is paid on a quarterly (4 times per year) basis?
- A) 7 days
  - B) 10 days
  - C) 31 days
  - D) 90 days
- 72) A Policy holder's weakest renewal rights would be
- A) Conditionally renewable
  - B) Cancelable
  - C) Guaranteed Renewable
  - D) Optionally renewable
- 73) Mary is in a PPO. Although the medical treatment she recently received is covered under her health plan the carrier denied the benefit. This denial is due to
- A) The doctor being outside the network
  - B) Subrogation
  - C) Mary's failure to secure prior approval
  - D) Mary's religious beliefs
- 74) The total period of coverage offered under a disability income contract is called the
- A) Waiting period
  - B) Indemnity period
  - C) Coverage provision
  - D) Elimination period
- 75) The components of Medicare includes coverage for
- A) cost related to hospital stays
  - B) cost related to physician services
  - C) prescription drugs
  - D) All of the above
- 76) The elimination period under a disability income policy is basically
- A) An indemnity period
  - B) A deductible period
  - C) A grace period
  - D) A reinstatement period
- 77) Allowing the insured the right to buy more coverage in the future without regard to insurability is provided by a
- A) Guaranteed Renewable Option
  - B) Guaranteed Insurability Rider
  - C) Multiple Indemnity Rider
  - D) Social Insurance Supplement
- 78) In a group health plan, a master policy is issued to
- A) the employer
  - B) each employee
  - C) dependents of all employees
  - D) All of the above
- 79) When one party has superior bargaining position over another party, such as in a health insurance contract, the agreement is called
- A) A Conditional C
  - B) A Contract of Adhesion
  - C) A Unilateral Contract
  - D) An Unlimited Contract
- 80) Under an individual health insurance policy, the insurance company may do all of the following except:
- A) Request an autopsy if not forbidden by law.
  - B) Refuse policy reinstatement
  - C) Pay benefits as stated in the contract
  - D) Alter the grace period with proper written notice to all affected parties.



**THE ACCIDENT AND HEALTH TEST IS ENDED. CHECK TIME & ANSWERS TO MAKE SURE A PROPER PACE IS BEING MET. MAKE CERTAIN YOU HAVE RECORDED ALL ANSWERS ON THE ANSWER SHEET AND RETURN TO DOHRN INSURANCE TRAINING, INC FOR GRADING.**