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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 LIFE 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 DIVISION OF INSURANCE ON YOUR BEHALF. USE THE EXAM ANSWER SHEET PROVIDED FOLLOWING ALL DIRECTIONS. DO NOT RUSH, DO NOT GUESS AND USE YOUR MATERIALS!**

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- 1) A married couple who want to buy one policy so that the survivor gets a death benefit should purchase
  - A) Survivorship Life
  - B) Universal Life
  - C) Joint Life
  - D) Variable Life
- 2) Which type of policy may pay a policyholder a dividend when there is a surplus?
  - A) Stock
  - B) Registered
  - C) Mutual
  - D) Domestic
- 3) Which of the following life insurance contracts is definitely a Modified Endowment Contract?
  - A) Straight Whole life
  - B) 10 Pay Life
  - C) Single Premium Whole Life
  - D) Universal Life
- 4) Which of the following statements regarding warranty is correct?
  - A) It is failure to disclose an immaterial fact
  - B) They are statements which are true in the opinion of the person making them
  - C) They are statements which are supposed to be absolutely true
  - D) They include mutuality of assent
- 5) Which of the following annuity contracts can offer returns linked to a stock index without any threat to cash value?
  - A) Fixed
  - B) Variable
  - C) Term
  - D) Equity
- 6) Of the following policy provisions, which talks about exchanging value?
  - A) Consideration
  - B) Declaration
  - C) Letter of Credit
  - D) Mutuality of assent
- 7) Mr. Brown plans to purchase a straight life policy at age 32. Which of the following plans has the lowest initial premium?
  - A) Income Annuity
  - B) Endowment policy
  - C) Life paid at 65
  - D) Whole life
- 8) All of the following are exclusions in life insurance except:
  - A) War clause
  - B) Aviation
  - C) Reinstatement
  - D) Suicide

- 9) An insured commits suicide after the suicide clause expires. Which of the following is true?
- I) Any premiums paid plus interest is refunded  
 II) The face amount of the policy will be paid
- A) I - only  
 B) II - only  
 C) Both I and II  
 D) Neither I nor II
- 10) That part of an insurance policy that protects the equity accumulated in a permanent Life contract is called:
- A) Grace period  
 B) Incontestable  
 C) Non Forfeiture  
 D) Policy Loan
- 11) All of the following statements regarding annuities are true except:
- A) Insurance companies market them  
 B) Benefits usually begin upon the death of the annuitant  
 C) They can be immediate or deferred  
 D) An annuity benefit is a periodic payment
- 12) Settlement Option allow
- A) Taking a policy loan  
 B) Cash surrender  
 C) Payment of dividends  
 D) Taking proceeds other than in a lump sum
- 13) Who has the right to borrow from the cash value of a life insurance policy?
- I) An owner who is not the insured, but is the beneficiary  
 II) The insured who is not an owner  
 III) An owner who is neither the insured nor beneficiary
- A) II only  
 B) II and III  
 C) I and III  
 D) Neither I, II nor III
- 14) Of all of the following terms, which is the name for the assignment of a life policy to a bank as a security interest for a loan?
- A) Absolute  
 B) Secured  
 C) Collateral  
 D) Value
- 15) The insurance settlement option where income is paid throughout the lives of two or more beneficiaries is called:
- A) joint and survivor  
 B) fixed installment  
 C) life income  
 D) fixed period
- 16) Once a survivorship benefit under Social Security ends but the surviving spouse is not yet of retirement age is referred to as
- A) Dependent Parents  
 B) Tough Luck  
 C) Widow Blackout Period  
 D) Widow Survivorship Benefit
- 17) All of the following apply to a term policy except:
- A) proceeds are paid at the end of the term  
 B) it is considered temporary insurance  
 C) it may be sometimes converted to other plans  
 D) it usually does not build cash values
- 18) Which of the following riders will result in premiums being paid by the company when an insured becomes totally unemployed:
- I) Waiver of premium  
 II) Accidental Injury  
 III) Payor benefit
- A) I only  
 B) III only  
 C) Both I and II  
 D) Neither I, II nor III
- 19) The life plan designed to provide the greatest protection at the least cost is called:
- A) whole life  
 B) term life  
 C) endowment  
 D) annuity
- 20) Which of the following annuity contracts can offer returns linked to a stock index without any threat to cash value?
- A) Equity  
 B) Variable  
 C) Fixed  
 D) Term

- 21) The rule that best describes the taxation of the proceeds paid in a lump sum to a named beneficiary is:
- A) Federal income taxes are payable at the beneficiary's tax rate
  - B) Federal income taxes are not due until after \$700,000 in proceeds have been paid
  - C) Federal estate tax is always due on proceeds
  - D) There is no federal income tax liability
- 22) What does the phrase "endowment age of Whole Life" mean?
- A) Age 97
  - B) The age at which coverage ceases
  - C) The age at which the cash value equals the death benefit
  - D) The age at which cash value vanishes
- 23) If no fraud is involved, statements made to obtain coverage are considered which of the following?
- A) Declarations
  - B) Warranties
  - C) Representations
  - D) Incontestable
- 24) The entire contract provision of a life policy states which of the following?
- A) Premiums must be paid before an insurance company is obligated to pay benefits
  - B) Material misrepresentations will void the policy as a matter of contract
  - C) Riders do not require a countersignature
  - D) The policy and the application are considered to be all one agreement
- 25) The face amount, or the proceeds payable upon the death of the insured, is stated in the
- A) Non-forfeiture option
  - B) Insuring clause
  - C) Entire contract clause
  - D) Beneficiary Clause
- 26) The length of an incontestable clause is
- A) 1 year from policy issue
  - B) 2 years from policy delivery
  - C) 2 years from policy issue
  - D) 3 years from policy delivery
- 27) The part of an insurance contract limiting the scope of coverage is called
- A) Limitation
  - B) Exclusion
  - C) Eclipse
  - D) Reduction
- 28) The type of insurance usually written under group life in an employer-employee situation is
- A) Universal life
  - B) Straight life
  - C) Decreasing term
  - D) One year term
- 29) Mr. Jones is married with seven children, all still living at home. Mr. Jones earns minimum wages and wants to buy life insurance from you. You will probably recommend to Mr. Jones:
- A) whatever plan pays the highest commission
  - B) nothing because he cannot afford coverage
  - C) term life
  - D) endowment insurance
- 30) Which statement(s) is (are) true regarding annuities?
- I) Benefits can be deferred to a later time
  - II) Premium can be paid in installments
  - III) Values can be withdrawn after age 59½ without any income tax due.
- A) I only
  - B) II only
  - C) I and II only
  - D) I, II and III
- 31) The fair credit reporting act:
- A) is designed to protect the insurance consumer
  - B) prohibits the gathering of financial background information of insurance applicants
  - C) is not binding as to insurance companies
  - D) is void because of public policy reasons
- 32) An incomplete application is likely to do all of the following except
- A) possibly place the company in a liability position
  - B) create an inconvenience for the insured
  - C) be ignored during underwriting
  - D) delay processing of a policy

- 33) If no money was collected with an application, then upon delivery the agent will
- A) collect the first premium
  - B) have the applicant sign a statement of good health
  - C) not deliver the policy if the applicant's health has deteriorated.
  - D) all of the above
- 34) If the beneficiary can be changed by the owner of a policy, then that means the beneficiary is
- A) primary
  - B) contingent
  - C) revocable
  - D) irrevocable
- 35) Which of the following describes the insured's right to inspect a policy upon delivery and to return it for a full refund?
- A) Right of Rescission
  - B) Free Look
  - C) Consideration
  - D) Satisfaction Clause
- 36) A named beneficiary may be which of the following?
- A) Spouse
  - B) Trust
  - C) Estate
  - D) All of the above
- 37) The ability of a policy owner to transfer rights is
- A) Transferability
  - B) Voidable
  - C) Settlement
  - D) Assignment
- 38) Which of the following regarding misstatement of age is accurate?
- A) it is material misrepresentation
  - B) it cannot void the policy
  - C) premium stays the same
  - D) after 2 years from issue nothing can be done about it
- 39) Which of the following is (are) true of dividends:
- I) They reduce insurance cost
  - II) They are guaranteed
- A) I only
  - B) II only
  - C) Both I and II
  - D) Neither I nor II
- 40) All of the following are nonforfeiture options except
- A) Extended term insurance
  - B) Policy loan
  - C) Cash surrender
  - D) Reduced paid-up insurance
- 41) All of the following statements regarding dividends or dividend options are true except:
- A) dividends are not income taxable
  - B) dividends may be used to reduce premium
  - C) dividends may be taken in cash
  - D) Interest earned on dividends is not income taxable
- 42) The insured pays monthly premiums on his ordinary life plan. Under the policy, his grace period consists of how many days?
- A) 10
  - B) 15
  - C) 25
  - D) 31
- 43) The insured suffers total and permanent disability for one year. Under the provisions of Waiver of Premium, for what total length of time would the company make payments for the insured?
- A) 3 months
  - B) 6 months
  - C) 9 months
  - D) 12 months
- 44) The primary beneficiary dies before the insured, there is no contingent beneficiary and the insured dies. What happens to the proceeds?
- A) They are paid to the estate of the insured
  - B) They are paid to the estate of the beneficiary
  - C) They are paid to State where the insured lived
  - D) The insurance company keeps them
- 45) If a policy does not lapse at the end of the grace period because money is taken from cash values to pay the premium, what provision is in effect?
- A) Automatic premium loan
  - B) Automatic dividend application
  - C) Extended term insurance
  - D) Insuring clause

- 46) Mr. Smith dies with an outstanding policy loan of \$4,500 on a policy with a face amount of \$25,000. How much proceeds will be paid?
- A) None
  - B) \$20,500
  - C) \$21,000
  - D) \$25,000
- 47) If a policy pays double the face amount if the insured dies as the result of a fall down stairs, what rider does it have?
- A) Duplicate coverage
  - B) Special Accident
  - C) Accidental Death Benefit
  - D) The 2 for 1 Blue Plate Special
- 48) If the beneficiary of a life insurance policy is ten years old when the insured dies then the company will
- A) Put the money in trust for the beneficiary until they become eighteen years old
  - B) Not pay the death benefit
  - C) Place the proceeds with the Probate Court
  - D) Provide the proceeds to the closest relative who is of legal age
- 49) Of the following parties, all are legally qualified to sign the application for insurance except:
- A) the applicant
  - B) the examining physician if a medical exam is required
  - C) the insured
  - D) a minor child
- 50) Which is (are) true of group life insurance:
- I) It covers employees under one master policy.
  - II) The cost is usually lower than for individual coverage.
- A) I only
  - B) II only
  - C) Both I and II
  - D) Neither I nor II
- 51) Regarding the rights of an employee leaving the firm where group life coverage was in effect: all of the all of the following statements are true **except**
- A) there is a 31 day conversion period
  - B) conversion will take place without evidence of insurability being required
  - C) the employee may switch to individual term
  - D) issue age under conversion is the attained age of the employee
- 52) The person entitled to receive payment of annuity benefits from an insurer is called
- A) an annuitant
  - B) a beneficiary
  - C) a receiver
  - D) an insured
- 53) The best overall definition of annuity is
- A) the scientific spread of capital and income over a projected lifetime
  - B) the death benefit of life insurance paid to a beneficiary
  - C) tax-free retirement income
  - D) a lump sum and income tax free old age benefits
- 54) The plan of life insurance whose death benefit can be based on the investment of cash values in the stock market is known as
- A) Variable Life
  - B) Universal Life
  - C) Funded Life
  - D) Investment Life
- 55) Juvenile policies are intended to do all of the following except
- A) promote over-insurance
  - B) provide guaranteed insurability
  - C) pay for final expenses
  - D) makes funds available for college
- 56 Replacement means
- A) A new policy is intended to replace an existing policy
  - B) A new agent must get written permission from the previous agent to speak with his client
  - C) A new policy is always in the best interest of the customer
  - D) A producer has no duty to the previous insurance company
- 57) Term life is justified for a person
- A) with small income and large family obligations
  - B) taking a mortgage loan
  - C) who has placed significant resources in a small business
  - D) All of the above

- 58) Which is (are) true of term life?
- I) It is always convertible
  - II) It has no cash value
- A) I only
  - B) II only
  - C) Both I and II
  - D) Neither I nor II
- 59) Whole life where premium is due for a specified number of years that is shorter than one's entire life is called
- A) Single Premium Whole Life
  - B) Straight Life
  - C) Ordinary Pay
  - D) Limited Pay
- 60) An insured who pays an extra premium because of poor health, poor family history or hazardous occupation has likely received which rating from underwriting?
- A) Sub-standard
  - B) Extra standard
  - C) Standard
  - D) Preferred
- 61) What is the label given to a person who cannot obtain life insurance at any cost?
- A) Adverse
  - B) Under Insurable
  - C) Uninsurable
  - D) Nonselective
- 62) 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
- 63) An HIV notice and consent form means an insurance company can
- A) Take a blood sample from an insurance applicant even if they refuse such a test
  - B) Not inform the MIB of a positive result
  - C) Disclose a positive HIV test result to the producer who wrote the application
  - D) Use a positive result to refuse an offer of coverage
- 64) Any changes which must be made in an application
- A) will terminate the application
  - B) can be effected by the an officer of the insurance company without needing to disturb the applicant
  - C) must be initialed by all parties to the contract
  - D) will be reviewed by a company's "Board of Selection."
- 65) HIPPA is
- A) A state law
  - B) A type of disclosure at the point of a sale
  - C) Not binding on insurance companies
  - D) A type of HIV disease
- 66) Mr. Williams has a wife, two business partners' three children and a best friend. All may have insurable interest in Mr. Williams except
- A) His wife
  - B) His children
  - C) His business partners
  - D) His best friend
- 67) Which of the following is true of inspection reports that contain harmful information about the applicant?
- A) They must be destroyed
  - B) They must be made available to the applicant
  - C) They will be disregarded by the company
  - D) The proposed insured may not supply a written document stating an opposing view for the record.
- 68) All of the following Life insurance contracts contain a cash value which likely keep pace with or exceed the rate of inflation, except
- A) Variable
  - B) Variable Annuity
  - C) Adjustable
  - D) Variable Universal
- 69) All of the following policies are examples of life contracts which provide a death benefit except:
- A) Term
  - B) Whole life
  - C) Annuity
  - D) Endowment

